

PEOPLE

Michener, Wife to Go Art Collection Altery The author James Michener, pressing dismay at escalating prices, has decided to give away his wife's collection of rare prints and American paintings valued at more than \$10 million rather than "accept an annual profit on what has been a 5,000 Japanese prints that Mr. and Mrs. Michener have accumulated over the years."

The West German government paid \$1.98 million for a copy of the autograph manuscript of Kafka's novel "The Trial" in London Thursday.

When Raymond Chandler, in 1959, he left four chapters of "Philip Marlowe" in a box in his home in Los Angeles, California, he was not aware that the book would become a best-seller. Now, it is to be published by G.P. Putnam's Sons and Berkeley Books.

The Beaujolais nouveau wine from southern France, unleashed annually on the third Thursday of November, has become the wine industry's biggest success. About 50 million bottles have already been sold, with West German and Japanese and American wine drinkers leading the way. The wine is made from a nose of wild fruit, raspberries and strawberries and a taste that is "like Beaujolais but more straightforward and tastes like Beaujolais."

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Dollar Resists Pressure

New Purchases by Central Banks Overcome Sellers

NEW YORK — Determined dollar sellers engaged in a tug-of-war with central banks Friday and the official supporters of the currency barely emerged the victors, boosting the dollar's value slightly. As President-elect George Bush, Treasury Secretary Nicholas F. Brady and other officials stepped

up efforts to calm markets, central banks piled in to underpin the dollar. Some sources put their purchases Thursday and Friday at as much as \$3 billion. The dollar rose to 122.60 yen at the close in New York, from 122.05 at Thursday's close, and to 1.7375 Deutsche marks from 1.7228 DM. However, it was well off high set immediately after the intervention. In active trading, the dollar gyrated from 122.50 to 123.20 yen and from 1.7325 DM to 1.7460 DM. In Tokyo on Thursday, the dollar had sunk to its lowest closing rate ever at 121.52 yen, despite support from the Bank of Japan, before massive intervention by the U.S. Federal Reserve and nine other central banks reversed the trend. That support continued Friday. "For the central banks, it's a case now of wearing down the market's inclination to sell dollars," said Robert Hatcher, senior foreign-exchange trader at Barclays Bank in New York.

Several economists said bearish sentiment prevailed. "The market hasn't really been frightened by the intervention," said David Redding, an international money-market economist at Bankers Trust Co. "The fundamental psychology is still fairly negative." Mr. Bush, meanwhile, vowed to fill out his economic team soon, while aides tried to calm nervous financial markets. In Virginia for a meeting with state governors, the president-elect said he would make final economic-policy appointments before

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Mr. Bush, meeting with governors Thursday in Charlottesville, Virginia, said he would quickly name key economic officials.

U.S.-Canadian Trade Pact: High Stakes

By Robert Pear New York Times Service WASHINGTON — A Canadian rejection of the free-trade agreement with the United States would derail years of efforts by Washington and Ottawa to achieve much closer economic and political cooperation at a time that the European Community is moving to form a single, unified market. Mrs. Thatcher says rejection of the trade pact would be "a great blow" to world trade. Page 5.

for the agreement in a speech on Thursday, and other American officials said they were distressed to see the growth of Canadian opposition to the pact, which would eliminate virtually all tariffs between the two countries over 10 years. The trade agreement is the central issue in Canadian elections on Monday. Prime Minister Brian Mulroney's Progressive Conservative Party staunchly defends the pact, while the Liberal Party opposes it and

says it would repudiate it if the party gains power. The agreement, if approved, would go into effect on Jan. 1. The Americans feel frustrated because they cannot lobby for the accord. In Quebec, John Turner, the Liberal Party candidate and a critic of the pact, denounced Mr. Reagan's remarks on Thursday as "a major breach of courtesy between the two nations, and the president should have known better." Rejection would be particularly irritating to James A. Baker 3d, the man chosen by President-elect George Bush to be secretary of state. As secretary of the Treasury, Mr. Baker was a zealous supporter

of the agreement and rescued it when negotiations nearly collapsed earlier this year. Advocates of the United States-Canada pact say it is all the more important for the North American neighbors to cooperate because they might be locked out of a protectionist "fortress Europe." A variety of experts said the agreement was expected to increase jobs, exports, and output while lowering prices for U.S. consumers. If the agreement is defeated, they said, it may well be more difficult for Mr. Bush to resist protectionist pressures on other fronts. The United States and Canada See CANADA, Page 5

Soviets Back Declaration Of a Palestinian State

By David Remnick Washington Post Service

MOSCOW — The Soviet Union on Friday endorsed the Palestine National Council's proclamation of an independent Palestinian state in the Israeli-occupied West Bank and Gaza Strip, but it was unclear if Moscow was offering full diplomatic relations. In a statement that one Arab diplomat in Moscow described as "moderation itself," First Deputy Foreign Minister Alexander A. Bessmertnik said the PNC's action in Algiers on Tuesday was "a major contribution to the process of a fair political settlement in the Middle East." Mr. Bessmertnik, however, was unclear on whether Moscow was extending full diplomatic recognition to the newly proclaimed Palestinian state. "Yes, this is the essence of today's declaration," he told reporters. But then, he read a less precise formulation that kept the issue of full diplomatic recognition vague: "The Soviet Union has recognized the proclamation of a Palestinian state."



Abu Musa, a radical Palestinian guerrilla leader, speaking to reporters Friday in West Beirut. He denounced Yasser Arafat, chairman of the Palestine Liberation Organization, for implicitly recognizing Israel and urged election of a new PLO leadership.

The "balance" of the Soviet statement, analysts said, is apparently intended to avoid alienating either Israel, which has rejected the PNC action, or the Arab and Islamic states that have given outright recognition to a Palestinian state. Mr. Bessmertnik said the Soviet Union was committed to a principle of "fundamental freedom of choice" in the Middle East, a comment that indicated that Moscow hoped the end result of any negotiations on the region would be the creation of a Palestinian state alongside Israel. But the seemingly deliberate ambiguity of the Kremlin's position on the PNC declaration was, a dip-

South Africa Finds 4 Guilty of Treason

By William Claiborne Washington Post Service

PRETORIA — In a series of verdicts likely to define for years ahead the limits of protests against apartheid, a provincial court on Friday convicted four prominent black activists of treason with intent to overthrow the government of South Africa. Seven other defendants were convicted of terrorism, which, like treason, carries a maximum penalty of death, and five were acquitted. That brought to 11 each the number of convictions and acquittals among the 22 persons accused in the longest political trial in South African history. In effect, the verdicts served as the definitive judicial pronouncement on the causes of the violence

that swept the country from 1984 to 1986. They also may determine whether the United Democratic Front, South Africa's largest anti-apartheid coalition, will be outlawed like its ally, the African National Congress, on charges of having plotted to overthrow the government. In his verdicts, Justice Kees van Dijkhorst branded the UDF a "revolutionary organization" akin to an internal wing of the ANC and one holding the same goal: the overthrow of the white minority government by making the country ungovernable through street violence. The UDF has contended that it is a nonviolent umbrella organization for more than 700 anti-apartheid groups and that, while it identifies with the nationalist aspirations of the exiled ANC leadership, it does not do its bidding. Among those convicted of treason Friday were three high UDF officials, Patrick Lekota, the group's publicity secretary; Popo Molefe, its national secretary; and Moss Chikane, its Transvaal Province secretary. Also convicted of treason was the Reverend Thomas Mantsaha, an activist in the Sharpeville area southwest of Johannesburg, where the first civil unrest erupted in 1984 before it spread throughout the country. Among those attending the final day of the four-day reading of the 1,521-page written verdict was Helen Suzman, the long-serving white member of parliament from the liberal opposition Progressive Federal Party. She said of the verdict: "It does narrow the margin between what is lawful dissent and what is considered treason." Before being led away by court officers, Mr. Chikane said, "We have to be strong. Apartheid has entrenched itself. The roots are too deep. We knew that nonviolence would be interpreted this way." Defense attorneys said they would begin preparing their arguments for mitigation of sentencing, which will start Dec. 5. The three UDF officials have been in jail without bail since before the trial began more than three years ago. The secretary general of the South African Council of Churches, the Reverend Frank Chikane, who is not related to Moss Chikane, said the target of See TREASON, Page 5

Chinese and Soviets Cooperate on Far East Flights

By Michael Richardson International Herald Tribune

SINGAPORE — China and the Soviet Union, in another sign of warming relations, are cooperating with international civil aviation bodies to open faster, nonstop air routes between the Far East and Europe, officials involved in the negotiations say. In an important change of policy, Beijing and Moscow have agreed in principle to establish an air corridor across the Chinese-Soviet border that has been closed to international flights for many years, the officials said in interviews this week. Aviation experts said the new commercial

air routes from Hong Kong across China and the Soviet Union to Europe and Britain would shave up to one and half hours off the nonstop journey, which now takes about 14 hours. Airline executives said the two new routes being studied by Chinese and Soviet authorities would save many millions of dollars a year in aircraft fuel costs and enable planes to carry a fuller load of passengers and freight. These direct great-circle routes across China and the Soviet Union would also relieve growing air traffic congestion between the

Far East and Europe and should improve air safety, the sources added. Chinese and Soviet aviation officials discussed the proposed routes in Bangkok in July at a meeting arranged by the International Civil Aviation Organization, a United Nations agency. Mohammed Y. Wazirada, the organization's regional representative for Asia and the Pacific, said officials from both countries were "very cooperative." There will be two follow-up meetings in Bangkok in 1989 and, if all goes smoothly, the air corridors across the Chinese-Soviet border will be open in 1990, he added.

In a separate interview by telephone in Bangkok, Hans Fugl-Svendsen, regional technical director of the Asia-Pacific office of the International Air Transport Association, said several technical problems still had to be solved. They included agreement of Chinese military authorities to the new flight paths across China and the training of more English-speaking air traffic controllers in both the Soviet Union and China. More than 170 airlines, including most of the major international carriers, are members of the IATA. See FLIGHT, Page 5

Delay on Sovereignty Vote Provokes Cry of 'Treason' From Lithuanians

By Esther B. Fein New York Times Service

MOSCOW — Heeding a plea by its Communist Party leader to pursue the aim of sovereignty with patience, the legislature of the Baltic republic of Lithuania decided Friday not to declare its laws supreme over Soviet law. The action disappointed the neighboring Baltic republic of Estonia, which had adopted a bold declaration of sovereignty earlier this week and elicited cries of "treason" from thousands of Lithuanians who gathered at a protest rally in the Lithuanian capital of Vilnius. The Lithuanian legislature's decision not to pronounce its sovereignty came a day after Moscow declared "unconstitutional" a vote by the Estonian legislature granting itself the right to reject Soviet laws that infringe on local autonomy. The Lithuanian Communist Party leader, Algirdas Brazauskas, appealed to legislators in his public for restraint, saying, "We have no right to mislead the Lithuanian people and give them what would be a one-day wonder." The Lithuanian legislature, the Supreme Soviet, responded by voting to approve a Kremlin plan for

electoral reform, but postponing a vote on whether to accept proposed changes to the Soviet Constitution that have been criticized within the Baltics for concentrating too much power in Moscow. The legislators also voted to make Lithuanian the republic's official language, replacing Russian; replace the flag of Soviet Lithuania with the banner of the pre-1940 independent state; and reinstate the former Lithuanian national anthem. According to Lithuanians who attended the meeting as spectators, the legislature never voted on whether or not to declare its right to veto Soviet laws. At Mr. Brazauskas urging, they avoided an actual vote on the issue. "He exerted a lot of pressure on them," said Arunas Zabirunas, a Lithuanian filmmaker and an active member of Sajudis, a grassroots Lithuanian national movement that has strong popular support. "He was very clever in how he spoke and it worked."

Meanwhile, the Estonian president, Arnold Ruutel, met Friday in Moscow with members of the Presidium of the Supreme Soviet, the Soviet Union's highest executive body, and defended the Estonian legislature's 258-to-1 vote Wednesday amending the republic's constitution to allow Estonian authorities the right to decide whether to apply Soviet legislation within the republic. In a statement Thursday, the President refrained from directly criticizing the Estonian action, but emphasized that it was at odds with the Soviet Constitution. The Presidium said it would invite representatives of Estonia to Moscow discuss the issue. Mr. Ruutel's trip to Moscow had been a planned earlier as part of a meeting of officials from all 15 republics with Prime Minister Nikolai I. Ryzhkov to discuss plans to transfer the republics to a system of self-management and self-financing. But the constitutional conflict prompted by the Estonian vote precipitated a meeting with members of the Presidium.



Gandhi Welcomes Gorbachev to India Prime Minister Rajiv Gandhi of India escorting Mikhail S. Gorbachev during welcoming ceremonies Friday as the Soviet leader began a three-day visit. Mr. Gorbachev promised to maintain warm relations with India despite "comments and speculations" to the contrary. His statement followed concerns expressed in the Indian press that warmer Soviet-Chinese relations could affect Moscow's ties with India. India and China have a longstanding border dispute.

Can't Find Car? Test Concludes Female Hormone May Be the Culprit

By Sandra Blakeslee New York Times Service

TORONTO — Two Canadian psychologists have demonstrated for the first time that there is a relationship between monthly fluctuations in female sex hormones and a woman's ability to perform certain tasks. In two studies involving 200 women, they found that women performed better on tasks involving verbal skill or muscular coordination when estrogen levels were high than they did when estrogen levels were low. By contrast, the women were better on tasks involving spatial relationships when estrogen levels

were low than they were when estrogen levels were high. Even at their best, the women, on the whole, did not perform as well as men did on average with spatial tasks, the researchers said. But even at their worst the women were better, on the whole, than men were on average on verbal tasks. Estrogen, the primary female sex hormone, is low at the beginning of the menstrual cycle and rises sharply just before ovulation, about halfway through the cycle, and drops again shortly before menstruation begins. The research supports earlier animal studies that found that sex hormones had profound

influence on the organization of the brain and behavior. Similar tests have not been performed on men. The studies were conducted by Dr. Doreen Kimura, a psychology professor at the University of Western Ontario in London, Ontario, along with a graduate student, Elizabeth Hampson. The researchers presented their results at a symposium on Wednesday at the annual meeting of the Society for Neuroscience in Toronto. The scientists found, for example, that women were better at word games, like tongue twisters, and at making precise hand movements when their estrogen levels were high. Their ability to

solve spatial problems, such as mentally rotating objects drawn on paper, improved when estrogen levels were low. Dr. Kimura said that although some women might notice differences in their verbal or spatial ability at different times in their menstrual cycle, the differences would not cause them serious problems. "It would be nice to be in an optimal phase," she said. But the kinds of problems women might encounter in nonoptimal times are minor, she said. "In real life, it's finding your car in a parking lot," she said. The new research is "very significant," said

Dr. Bruce McEwen, an expert on the brain and sex hormones at the Rockefeller University in New York. "Finally there are systematic studies on sex hormones and human behavior other than reproduction." But Marilyn Fitterman, president of the New York chapter of the National Organization for Women, expressed concern that the findings could be misused. "This could fall into the category of 'why can't a woman be president,'" she said, adding that other factors, such as the circadian rhythms associated with the Earth's rota-

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Table with financial data: Dow Jones, The Dollar, DM, Pound, Yen, FF.

70,000 Vent Anger As Ethnic Albanians March in Yugoslavia

PRISTINA, Yugoslavia — Seventy thousand ethnic Albanians marched through the capital of Yugoslavia's Kosovo Province on Friday in renewed anti-Serbian protests, while Serbs in Belgrade fanned the capital with flags for a planned anti-Albanian rally.

The ethnic Albanians, angry over the removal of local leaders, marched through Pristina, 350 kilometers (220 miles) south of Belgrade, and poured into a sports stadium, the official Tanjug news agency said.

Belgrade radio said the protesters later marched to the Kosovo Communist Party headquarters, where they yelled anti-Serbian slogans. The protesters were demanding that two local leaders who resigned under pressure from Serbia be given their jobs back.

They waved the red Albanian flag, bearing a double-headed black eagle, and shouted: "No resignations!" and "We won't give up our officials!"

Kosovo's ruling Communist Party Politburo held an emergency session and appealed to people to keep off the streets in a message broadcast on Pristina radio.

Local radio said many thousands more were converging on Pristina from all over the province, which borders Albania and has a population of almost two million.

On Thursday night, 10,000 ethnic Albanians held a similar protest at the Kosovo party headquarters, as Serbia called for a purge of the Kosovo leadership for allowing the growth of Albanian nationalism.

The Central Committee in the province removed Kosovo's party leader, Kacma Jasari, 42, and a Politburo member, Azem Vlasi, 40, in an effort to defuse tension with Serbia, Yugoslavia's largest republic.

Although dropped from the provincial Central Committee, Miss Jasari remained as a Politburo member, and Mr. Vlasi stayed in the Yugoslav Communist Party Central Committee.

On Friday, Miss Jasari and Mr. Vlasi, who came from a similar meeting in Titova Mitrovica, asked the crowd in Pristina for calm and urged the demonstrators to go back to work.

Mr. Vlasi said that he was "surprised" by the workers' reaction. "We should not be happy with this demonstration," he told the International Herald Tribune. "We are not personally asking them for support. The situation should be discussed in proper bodies and dealt with through proper channels."

[Sava Komadic, a Montenegrin who is president of the Kosovo trade unions, appealed to the crowd for calm. He was booed throughout his speech, and his appeal for unity "of the working class" drew heightened protests from the crowd.]

At the earlier meeting, Mr. Vlasi sought to calm 6,000 striking lead and zinc miners who formed the protest core Thursday.

The ethnic division was underlined by Serbs putting up flags in Belgrade in preparation of an anti-Albanian rally Saturday.

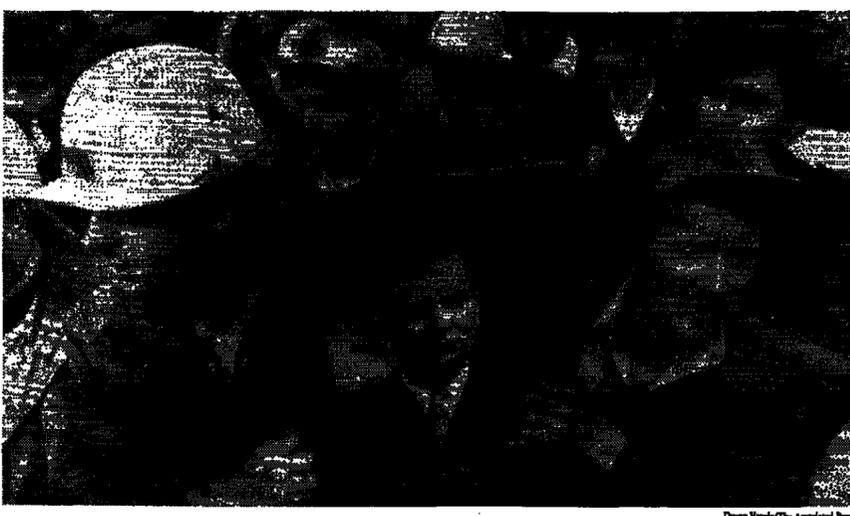
Kosovo is nominally part of Serbia, but it was sweeping powers of self-rule under the 1974 constitution. It is populated by 1.7 million ethnic Albanians and a predominantly Serbian Slav minority of 200,000. Albanians rioted there in 1981, trying to set up a republic, and the protest Thursday was the biggest by Albanians since then.

The populist Serbian party leader, Slobodan Milosevic, has led a drive this year to cut Kosovo's autonomy, through changes in the constitution, and to enable Serbia to crack down on Albanian nationalism.

At dozens of rallies throughout Yugoslavia this year, Serbs have demanded the resignations of Mr. Vlasi, Miss Jasari, and other Kosovo leaders, whom they blamed for Albanian nationalism.

The ethnic tension was further aggravated by labor unrest over low pay and very high inflation.

Organizers expect a million people to attend the rally Saturday.



Ethnic Albanians marching Friday in Pristina, Yugoslavia, to demand the reinstatement of two leaders who quit under pressure.

Cuba Agrees To Angola Peace Plan

WASHINGTON — Cuba announced Friday that it would accept the U.S.-mediated plan for the withdrawal of an estimated 52,000 Cuban troops from Angola, clearing the way for the plan to be carried out swiftly if South Africa also agrees.

A statement published on the front page of the Cuban Communist Party organ, *Granma*, said Cuba had informed the United States of the acceptance by Cuba of the understanding reached at the last meeting in Geneva between representatives of Angola, Cuba and South Africa.

The meeting in Geneva ended Tuesday with tentative agreement on a plan for the total, phased withdrawal of Cuban troops and for independence for South West Africa, or Namibia, including United Nations-supervised elections in the South African-administered nation.

[Angola also approved the plan Friday, the Angolan press agency said in a report monitored in Lisbon.]

While details of the Cuban withdrawal plan have yet to be made public, people close to the negotiations said it called for all troops to leave Angola within 27 months, with half of them out in seven months and two thirds gone within one year of Namibia's independence.

At the same time, all Cuban troops would move from southern Angola to new positions north of the 13th parallel, about 400 kilometers (250 miles) from the Angola-Namibia border, within six months from the start of the withdrawal plan and one month before elections are held for a constituent assembly in Namibia.

U.S. Tightens Civilian Security in Korea

SEOUL — The U.S. military tightened security around its civilian areas Friday after an unusual attack on an American housing compound by a group of young protesters armed with firebombs and metal bars.

The attack Thursday evening, in which two American soldiers were reportedly wounded and several parked cars damaged, comes at a time when the United States has come under increased criticism in South Korea.

The attack on the housing compound was the most serious of a half-dozen incidents reported since the Olympic Games ended Oct. 2.

According to witnesses, 20 to 50 people described as college students showed their way through the gates of Hannam Village, a housing complex used by more than 600 families of soldiers and civilians assigned to the U.S. and United Nations military commands.

Although protests at the U.S. Embassy, military bases or other official offices are familiar occurrences, American civilians and housing complexes have rarely been targets for demonstrators.

In what was considered a routine incident on the same day, for example, 10,000 farmers were met by riot policemen and clouds of tear gas when they tried to march on the U.S. Embassy to protest U.S. trade practices.

Anti-American feeling increased during the Olympics, focusing on what was seen as insulting behavior by some U.S. athletes and on intensive coverage by U.S. television of a police involving Korean boxing officials.

Criticism of the United States has continued in the press since then, accusing the United States, which maintains a force of 40,000 troops in South Korea, of arrogance and of strong-arm trade policies.

South Korea had a \$10 billion trade surplus with the United States last year and has come under U.S. pressure to revalue its currency and to open its markets to such U.S. goods as grain, tobacco and beef.

The criticism, which has spread to some degree from the radical students who lead street protests to mainstream Koreans, also focuses on Washington's support for the unpopular eight-year regime of the

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According to witnesses, 20 to 50 people described as college students showed their way through the gates of Hannam Village, a housing complex used by more than 600 families of soldiers and civilians assigned to the U.S. and United Nations military commands.

Although protests at the U.S. Embassy, military bases or other official offices are familiar occurrences, American civilians and housing complexes have rarely been targets for demonstrators.

In what was considered a routine incident on the same day, for example, 10,000 farmers were met by riot policemen and clouds of tear gas when they tried to march on the U.S. Embassy to protest U.S. trade practices.

Anti-American feeling increased during the Olympics, focusing on what was seen as insulting behavior by some U.S. athletes and on intensive coverage by U.S. television of a police involving Korean boxing officials.

Criticism of the United States has continued in the press since then, accusing the United States, which maintains a force of 40,000 troops in South Korea, of arrogance and of strong-arm trade policies.

South Korea had a \$10 billion trade surplus with the United States last year and has come under U.S. pressure to revalue its currency and to open its markets to such U.S. goods as grain, tobacco and beef.

The criticism, which has spread to some degree from the radical students who lead street protests to mainstream Koreans, also focuses on Washington's support for the unpopular eight-year regime of the

WORLD BRIEFS

Russians Warn on Afghan Escalation

KABUL (NYT) — The Soviet military command in Afghanistan formally warned resistance forces on Friday that it would react strongly against further military escalation and said that it had already taken "additional measures to stop subversive and terrorist acts of the armed opposition."

The statement, which was read to the press by Lieutenant General Lev B. Serebrov, followed two resistance attacks this week. The general gave no details of the military measures that he said had been taken and was equally vague about further steps.

Diplomats noted that despite the stern message, he repeated Moscow's and Kabul's pledge of adherence to the Geneva agreement of last April. The general pointed out that half the Soviet troops had been withdrawn by Aug. 15, in accordance with the timetable fixed by the agreement among Afghanistan, Pakistan, the United States and the Soviet Union.

Reagan Signs Major Anti-Drug Bill

WASHINGTON (AP) — President Ronald Reagan signed a major anti-drug bill on Friday that contains many of the get-tough provisions he strongly endorsed, and he dedicated the legislation to his wife's crusade against illegal narcotics.

The measure, which will cost \$2.8 billion over two years, seeks to battle the use of illegal drugs through stricter law enforcement, tougher penalties and increased treatment, rehabilitation and education. It also outlines a fund to help drug-producing countries in their fight against the illicit substances.

The measure establishes a cabinet level "drug czar," who will be responsible for developing a national strategy to combat drug abuse, and for the entire federal drug budget. The appointment of a drug czar will be left to President-elect George Bush. The measure also makes it possible for those possessing small quantities of drugs intended for personal use to be faced with up to \$10,000 in civil fines.

2d B-1B Bomber Crashes in U.S.

RAPID CITY, South Dakota (AP) — A B-1B bomber crashed and burned on a runway at Ellsworth Air Force Base in the second accident involving one of the long-range strategic jets in nine days, officials said Friday. The crew of four parachuted to safety.

A police officer said the \$280 million plane, which was reported to have crashed in a landing attempt Thursday night, might have come in too low and hit a utility pole. A witness said an engine was on fire before the crash.

The crash came two days after officials reported that the air force had inspected and cleared more than two-thirds of the 98 B-1B bombers, which were grounded following a crash Nov. 8 that destroyed one of the planes in Texas.

Ex-Congressman Gets 8 Years in Jail

NEW YORK (AP) — Mario Biaggi, a former 10-term U.S. congressman, was sentenced Friday to eight years in prison for racketeering in the Wedtech bribery scandal.

The Bronx Democrat and four others were convicted Aug. 5, and Mr. Biaggi resigned his House seat the next day. He was convicted of receiving \$1.8 million in stock in the Wedtech Corp., a defunct Bronx military contractor, while turning the company into a racketeering enterprise that paid millions of dollars in bribes to public officials in return for help in gaining no-bid government military contracts.

Mr. Biaggi, 71, already had been sentenced to two and a half years in prison for obstruction of justice and taking an illegal gratuity in an unrelated case but he remained free on appeal. In the Wedtech case, he faced up to 146 years in prison and fines of more than \$7 million. The two racketeering counts, the most serious charges, carried up to 20 years each.

Britain and Iraq Expel Diplomats

LONDON (UPI) — Three Iraqis have been expelled from their embassy in Britain and three British envoys have been expelled from Iraq in a dispute that began in October, the Foreign Office said.

The Iraqis had been engaged in "activities incompatible with their diplomatic status," a Foreign Office spokesman said Thursday, using the phrase that usually means spying. Two weeks after Britain expelled the Iraqis, the Baghdad government ordered the three British diplomats out. The Iraqi government made no allegations of improper conduct.

On Thursday, the United States said it had ordered out an Iraqi diplomat in retaliation for what it termed the unjustified expulsion of an U.S. diplomat from Baghdad. U.S. officials said Haywood Rankin, head of the U.S. Embassy political section, had been expelled because Iraq objected to what it viewed as too extensive contacts with the minority Kurdish population.

For the Record

Thousands of leftist demonstrators in Hamburg clashed with the police Friday during a meeting of NATO members of parliament, injuring 51 policemen, the police said. Eighteen protesters were hurt. (Reuters)

TRAVEL UPDATE

U.S. Airlines Raising Ticket Prices

WASHINGTON (WP) — Several major airlines have followed the lead of Continental Airlines by raising domestic ticket prices on most Massaver fares, a move that would return the U.S. industry to a type of fare structure that existed before deregulation.

At the same time, Continental expanded its fare changes to include a second major class of discount tickets — those that are refundable for a 25 percent penalty. The changes Continental is making generally will result in higher ticket prices, although some fares will decrease.

United, Trans World and Delta airlines said they would match Continental's changes on Massaver fares, a move expected to increase ticket prices for about two-thirds of the passengers using those tickets. Other airlines said they preferred to take a wait-and-see approach.

Sri Lanka officials say the disruption of supplies and services that prompted them to ask foreign tourists to leave the country earlier this month has eased. Hotels and supporting services in and near Colombo, the capital, and two nearby beach resorts, Mount Lavinia and Negombo, are functioning smoothly, they said. People planning to visit Sri Lanka are advised to keep in touch with their travel agents, the Ceylon Tourist Board or offices of Air Lanka, the official air carrier.

British airports are considering children's films and bigger cafeterias as ways to help ease the ordeal of summer delays that had some people camping in terminals this year. Officials from BAA PLC, which operates Heathrow Airport in London and six other airports, said Thursday that they were studying the use of entertainers, welfare staff and tents in 1989 if the delays happen again. (AP)

Correction

In a New York Times article on athletes' use of drugs, which appeared in Friday's editions of the IHT, the types of substance reportedly used in training for the Seoul Olympics were misidentified. Medical and legal experts, as well as traffickers in the drugs, estimated that while at least half the 9,000 athletes might have used performance-enhancing drugs, the drugs were not limited to anabolic steroids.

Bhutto Says She Now Has Majority

KARACHI, Pakistan — Benazir Bhutto claimed the support Friday of a majority of newly elected National Assembly members and predicted no obstacles in her attempt to become the first woman to lead a Muslim nation.

Miss Bhutto, 35, said her party commanded a majority after elections Wednesday because some new assembly members had joined her Pakistan People's Party since then and others have pledged their support.

She would not say how many new assembly members now belonged to her party.

The Pakistan People's Party captured 92 seats in the 237-member assembly in the first free elections in Pakistan since 1977. Her rivals in the nine-party conservative Islamic Democratic Alliance, which includes supporters of the previous president, the late General Mohammed Zia ul-Haq, won 54 seats. Independents and minor parties won 58 seats. Results from 13 districts were not available, and 20 seats reserved for women will be filled later by vote of the assembly.

Miss Bhutto also offered to make peace with political opponents.

"Despite our simple majority, we are prepared to expand our base of cooperation with other parties if they take the initiative," she said as her walked compound in Karachi.

The constitution requires the president to designate a leader to form a government, and Miss Bhutto urged President Ghulam Ishaq Khan on Thursday to give her party the mandate.

When asked if she foresaw any problems in becoming prime minister, she replied: "I don't see any obstacle."

As prime minister, Miss Bhutto would be recapturing the post lost by her father, Zulfikar Ali Bhutto, who was deposed by General Zia in 1977. Mr. Bhutto was convicted of complicity in a political murder plot and hanged in 1979.

In a statement released Thursday by her representatives in Washington, she said she looked forward to "to build and further strengthen the special relationship that exists" between the United States and Pakistan. The United States has a \$4 billion six-year program of military aid for Pakistan.

Chun Described as Ready to Repent

SEOUL — Chun Doo Hwan, who is under attack for alleged involvement in corruption during his term as the South Korean president, will apologize, surrender most of his wealth and retire from Seoul to ally mounting criticism, his aides said Friday.

They spoke as members of parliament began a four-day hearing into Mr. Chun's role in suppressing a bloody uprising in the southern city of Kwangju in 1980.

The Hankook Ilbo, a mass-circulation newspaper, quoted an unidentified government source as having said that if Mr. Chun did act, President Roh Tae Woo was expected to pardon him.

Chun of inciting the uprising in a plot to seize power.

A Chun aide, who spoke on condition of anonymity, said that next week the former president would announce his decision to leave Seoul after giving most of his wealth to the government.

Living in seclusion in the countryside is a traditional Korean way for disgraced leaders to show repentance.

The Hankook Ilbo, a mass-circulation newspaper, quoted an unidentified government source as having said that if Mr. Chun did act, President Roh Tae Woo was expected to pardon him.

Banned Polish Press Thriving

PARIS — Officially outlawed, the underground press in Poland now numbers more than 700 publications, ranging from a clandestine version of a national news agency to magazines for teen-agers, according to members of the unofficial Polish journalists' union.

Stefan Bratkowski, leader of the Association of Polish Journalists, a banned union usually known by its initials in Polish, SDP, said that the underground Polish press has become the most influential national medium in the East bloc.

"We have publications on every imaginable subject except one, sports, because that's the only activity the official press doesn't lie about," he said in Paris. It is the first time in seven years that Mr. Bratkowski has been allowed out of Poland by the authorities, who seem increasingly willing to tolerate the association and the underground press.

The purpose of his trip is to consolidate the position of the journalists' association in the International Federation of Journalists, a Brussels-based body that affiliates journalism unions in democratic countries.

The Polish association was recognized by the International Federation earlier this year, the first association from a Communist country to obtain affiliation.

Communist journalists' unions belong to a Prague-based body, the International Journalists' Organization, that mirrors the structure of the Brussels-based group.

At the center of Mr. Bratkowski's talks with officials from Brussels was the possibility of holding a meeting in Warsaw of the 44 Western member-unions in the International Federation of Journalists.

Irish Issuing Kennedy Stamp

DUBLIN — The Irish Post Office announced Friday that it would issue a stamp commemorating the 25th anniversary of the assassination of President John F. Kennedy. The stamp, to be issued Thursday, will show a portrait of Mr. Kennedy by the American artist James Wyeth.

Western trade unions, together with the Polish Catholic Church, played a role in helping the banned association build an influential network of underground publications.

"Initially, our friends — journalists' unions but also other unions — helped us by sending food and clothes for the 1,000 or so people who had simply been put out of their jobs in the official media," Mr. Bratkowski said.

CHURCH SERVICES

- CENTER OF COVENANTS**
FIRST BAPTIST CHURCH, English speaking, Sun. 9:00, Roggenmans 7, (Bus 357, 14), Dr. K.J. Robinson, Min. Tel. (01) 373924.
- DUSSLDORF**
International Baptist Church, English 5.5, 10:00, worship 11:45, Children's church and nursery. Meets at the International School, Leudersdamm Kirchweg 2, D-40109, Düsseldorf. Friendly fellowship. All denominations welcome. Dr. W.J. DeJoy, Pastor. Tel. 0211/400 157.
- GENEVA**
INTERNATIONAL CHRISTIAN FELLOWSHIP OF GENEVA, English speaking, Sunday service 12:00 noon at Chappelle de Buis, 3 rue Anat. Rav. Greg Frick, P.O. Box 2447, CH-1211 Geneva 2. (022) 32 08 67.
- MURCH OF THE LIVING SAVIOUR**
Geneva's International Pentecostal Church, 20 Eranz-Pictet, Enjoy a warm atmosphere of joy, spiritual worship in English, 10:30 a.m. and 7 p.m. Tel. 407070 or 988300.
- HAMBURG**
INTERNATIONAL BAPTIST CHURCH OF HAMBURG meets at Ev. Fröhenkirche Gamblede Christenheit, Osterstr. 18, Hamburg-Altona. Bible Study 1 p.m. - Worship 2 p.m. Tel. (0) 4101-207933.
- HOLLAND**
TENTH BAPTIST S.S. 9:30, Worship 10:30, nursery, warm fellowship. Meets at Bloemendaal 54 in Wassenaar. Tel. 071731-78224.
- LOUVAIN**
Welcome to English speaking INTERNATIONAL CHURCH OF EVANGELICALS in Louvain (ICEL). Worship Service: Every Sunday 10:30 a.m., 40, Noemans Street, Louvain.
- MUNICH**
INTERNATIONAL BAPTIST CHURCH, English speaking 5.5, 11:45, worship 12:45, nursery, child, ch. provided. Visitors: 9. Evening service 7:30. Call Rev. Paul. Box 089083334.
- INTERNATIONAL COMMUNITY CHURCH**
services in English 4:30 p.m. Sundays at Eberhardstr. 10. (02) 286177. Pastor: Barbara Stevens (089) 880-8617.
- UNITARIAN UNIVERSALIST FELLOWSHIP**
meets Sunday, Nov. 27 at 11 a.m. Phone: (089) 690-2056.
- PARIS**
THE AMERICAN CATHEDRAL (Episcopal-Anglican), Sun. 9 & 11 a.m. Sunday School for children and nursery care at 11 a.m., 23 rue George V, Paris 8. Tel. 47 20 17 92. Metro: George V or Alma-Marceau.
- EMMANUEL BAPTIST CHURCH**, 56 rue des Bons-Enfants, Rueil-Malmaison. English speaking, evangelical, all denominations. 5.5, 9:45, Worship 10:45. Other services: Call Dr. A.C. Thomas, Pastor. 47-69.1529/47-51.2943.
- INTERNATIONAL BAPTIST FELLOWSHIP**
meets at 123 Ave. du Maine, Metro: Gare d'Orléans. English speaking. Sunday evening at 6:30. Tel. 47-1537/47-31.2943.
- STOIKHMA**
EMMANUEL CHURCH, Kungälv, & Birger Jón. Friendly Christian Fellowship. English, Swedish & Korean 11:00. Tel. (08) 157224 & 309833.
- ZÜRICH**
INTERNATIONAL PROTESTANT CHURCH, English speaking, Sundays 11:00 a.m., Schorenengasse 25. Tel. (01) 69 55 25.

* Dining Out *

CANNES GINZA Japanese restaurant, French, Italian, sushi bar, Private cocktail and dance. COLONY CLUB Night club, Next to the Casino. Res. 10. Tel. 93 79 41 40.	PARIS 1st L'ALSACE AUX HALLES Sausages, Fish, Charcuterie. Res. 16, rue Coquillière. Tel. 42 36 74 24.	PARIS 2nd KITTY O'SHEA'S PUB Sister of the famous Dublin pub, located 60 yards from P. Vendôme. The French house of high coffee and excellent breakfast. Open 7 days, 10 E. Capotone. Tel. 42 15 03 03.	PARIS 8th AL DIWAN Gastronomic Lebanese cooking. Catering service. Open every day. 30, rue de Valenciennes. Tel. 47 20 84 98.
PARIS 7th SANCERE WINE TASTING Caveau, 100 bottles, 100 wines, 100 years. Reservations Tel. 45 51 25 91.	PARIS 8th CHEZ LES ANGES Served in Michelin Guide, Burgundy Special. Reservations Tel. 47 20 84 98.	PARIS 8th LUDMILA PAVILLON RUSSE Czechoslovak, Russian gastronomy with Indian & by reservation in French surroundings. 45, rue de Valenciennes. Tel. 47 20 84 98.	PARIS 14th MACADAM Bar/Cafe - Sunday Brunch. Open 11:00 a.m. every day. 1, rue de Valenciennes. Tel. 42 36 74 24.
PARIS 17th LE BISTROT D'ARMAND Between the Ch.-Elysées & Fig. St.-Hippolyte. Reservations Tel. 47 20 84 98.	PARIS 17th GOLDENBERG WAGRAM Traditional Jewish - Polish - Czech cuisine and hot beverages. - Open daily. 1, rue de Valenciennes. Tel. 47 20 84 98.	PARIS 17th DA MEO PATAYCA Traditional Portuguese, Italian, French, Indian & Chinese. Open daily. 1, rue de Valenciennes. Tel. 47 20 84 98.	PARIS 17th KERVANSARAY Turkish & Levantine. Open daily. 1, rue de Valenciennes. Tel. 47 20 84 98.
PARIS 5th RAFFAÏN & HONORINE The Assiette - French food with European. Dishes prepared in traditional cooking. Regional dishes - lunch - vintage. Daily, 16 rue St-Germain. Tel. 42 36 74 24.	PARIS 6th LA TAVERNE BASQUE Basque country specialties - Pile gas. Open daily. 45, rue de Valenciennes. Tel. 42 36 74 24.	PARIS 6th LE VILLAGE Restaurant - Jazz Bar Club. Open daily. 7, rue de Valenciennes. Tel. 42 36 74 24.	PARIS 6th LA TAVERNE BASQUE Basque country specialties - Pile gas. Open daily. 45, rue de Valenciennes. Tel. 42 36 74 24.

سكرا من الأمل

After 25 Years, Consensus on Kennedy Assassination Is Still Elusive

By Philip Shenon
New York Times Service

WASHINGTON — A quarter-century after gunshots echoed across Dealey Plaza in Dallas and left the president mortally wounded, investigators, scientists and the public seem no closer to a consensus about the circumstances of John F. Kennedy's assassination.

For many students of the events of Nov. 22, 1963, all that really seems clear is their ignorance. They know they may never understand exactly what happened that day, or why.

They may never have conclusive evidence that President Kennedy was the victim of a single, unstable gunman, Lee Harvey Oswald, or the target of a conspiracy that may have involved the Mafia, the governments of Cuba and the Soviet Union, radical rightist groups or perhaps even elements of the American intelligence community.

"It does not seem likely that these mysteries will ever be solved," said Representative Louis Stokes, Democrat of Ohio, who a decade ago led a congressional inquiry into the assassination. "I think it's more likely than not that we'll never know."

As a group, federal investigators have yet to settle on a single theory. The Warren Commission, a presidential panel led by Chief Justice Earl Warren that included some of the most prominent lawyers and public servants in the United States, concluded in 1964 that there was no evidence to prove a conspiracy.

Fifteen years later, the congressional panel headed by Mr. Stokes contradicted the commission, finding that Mr. Oswald had probably not acted alone and that the conspiracy might have included organized crime figures.

And the Justice Department said last year that it had closed its own inquiry into the Kennedy assassination by siding with the Warren panel. The department found "no persuasive evidence" to support arguments for a conspiracy.

The public at first seemed receptive to the conclusions of the Warren Commission, and many still accept them.

In an article to appear Sunday in The New York Times Magazine, David W. Belin, a Des Moines, Iowa, lawyer who served as counsel to the panel, writes: "Any American who takes the time to examine the overall record will agree that the Warren Commission was right."

But almost immediately after its release, the commission's report came under attack by critics, some of them reputable scientists and criminal investigators, who said the panel had been seriously misled or had overlooked compelling evidence of a broad conspiracy.

Perhaps most vexing, the critics said, were the questions about Mr. Oswald that had been left unanswered by the Warren Commission, particularly those involving his connections to the Mafia and to Cuba.

David E. Kaiser, an associate professor of history at Carnegie-Mellon University in Pittsburgh who has studied the assassination theories, said that Mr. Oswald was "an amazingly suspicious character," and that it was "possible to believe most anything about him and damned near impossible to know what's true."

One thing that the public has come to believe about him is that he did not act alone: For the last two decades, opinion polls have found rejection of the Warren Commission's findings.

According to a recent New York Times-CBS News Poll,

66 percent of Americans believe there was a conspiracy to kill Mr. Kennedy, as against 13 percent who believe Mr. Oswald was alone responsible and 21 percent who express no opinion.

Sixty-one percent agree that there has been an "official cover-up to keep the public from learning the truth about

'It does not seem likely that these mysteries will ever be solved.'

Louis Stokes, who led a congressional inquiry into the assassination.

the Kennedy assassination." And nearly half, 46 percent, believe it would now be impossible to establish the full truth about the president's death.

Mr. Oswald, one of the most curious assassins in the annals of crime, was a 24-year-old former Marine who had traveled to the Soviet Union in 1959 and did not return home for more than two years. He was a fervent supporter of Fidel Castro, the Cuban leader, who, it was later learned, had been made a target for assassination by the CIA. Shortly before the shooting of Mr. Kennedy, Mr. Oswald had visited Mexico in an effort to secure a visa from the Cuban Embassy in travel to Cuba.

The public's belief that he had accomplices was bolstered in 1979 by Mr. Stokes's panel, the House Select Committee on Assassinations, which concluded after a two-year inquiry that Mr. Kennedy was "probably assassinated as the result of a conspiracy." The finding was based largely on the results of an acoustical examination of the assassination site that indicated a second gunman. But the panel found no strong evidence to link Mr. Castro to the shooting.

Many conspiracy theorists agree that although the Cuban leader knew he was a CIA target and may have wanted to strike back against the president, he would not have used an unstable assassin like Mr. Oswald.

Mr. Stokes traveled to Cuba as part of his panel's investigation and met with Mr. Castro. "I asked him directly whether he was involved in the assassination," the congressman said in a recent interview. "And he told me, 'Listen, I would have to be crazy to kill the president of the United States. They would wipe my little country off the face of the Earth.'"

For many of the same sorts of reasons, the committee also ruled out involvement by the Soviet Union and other foreign governments. And it discounted rumors that the FBI might have been involved.

The panel instead suggested that the culprits might have — but had not necessarily — included organized crime figures like Carlos Marcello, the leader of the New Orleans Mafia, and James R. Hoffa, then the president of the International Brotherhood of Teamsters. Mr. Hoffa had been known to associate with Mafia leaders and he was a particularly bitter foe of Attorney General Robert F. Kennedy, the president's brother.

The finding was based in part on evidence that tied both Mr. Oswald and Jack Ruby, the Texas nightclub owner who gunned down Mr. Oswald two days after the Kennedy assassination, to organized crime.

Mr. Oswald was the nephew of a New Orleans bookmaker associated with the New Orleans crime network run by Mr. Marcello. Mr. Ruby had been involved with the Mafia since his childhood in Chicago and had been linked to Mr. Marcello and another underworld leader, Santo Trafficante of Tampa, Florida.

Mr. Marcello, who is still alive and has denied involvement in the Kennedy assassination, had a long-running feud with the Justice Department and with Robert Kennedy, who had vowed to crush the American Mafia and had singled out Mr. Marcello.

By eliminating President Kennedy, the theory goes, the Mafia could remove his brother from power at the Justice Department. The theory holds that John Kennedy was a more inviting target for assassination than Robert Kennedy since the president, if he remained alive, would be likely to appoint a new attorney general with a comparable distaste for the Mafia.

And Mr. Ruby was ordered to silence Mr. Oswald, according to the theory, because of concerns that Mr. Oswald was unstable and might disclose the conspiracy to investigators.

The House panel's assertion of a conspiracy was bolstered by testimony from acoustics experts who said an audiotape from the site of the assassination strongly indicated that there had been at least two gunmen.

But that assessment has since been disputed. In 1982, a panel of the National Academy of Sciences found that the tape did not support findings of a second gunman. The panel said that noises earlier identified as gunshots were probably nothing more than police radio static.

BRIEFS

Afghan Escalation

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he Both Miss Blinn and the Democratic Alliance for they would announce their friendship with the President and support of the Commission fighting the Communist

ment of Afghanistan. In a statement received by her representatives in London, she said the U.S. is working with the U.S. and the special relationship between the United States and Pakistan.

Why Sununu? Aides Say Bush Felt He Needed a Battle-Ready Politician

By David Hoffman
Washington Post Service

WASHINGTON — On Election Day in Houston, George Bush told his closest advisers that he wanted the departing governor of New Hampshire, John H. Sununu, to be his White House chief of staff.

"You want someone who's run for sheriff," Mr. Bush said, according to several participants.

The desire for a politician who has run for office and for someone with stature was the driving force behind Mr. Bush's choice of Mr. Sununu, aides say. It explains why he passed over his current chief of staff, Craig L. Fuller, who preferred a low-key devotion to service rather than the rough and tumble of political combat.

"There was a difference in stature," said a long-time Bush associate familiar with the decision. "In this particular environment, with the Democrats gaining in Congress, we needed someone with stature," the associate said, someone who can call up Jim Wright, the speaker of the House, and command attention.

Another person who has worked closely with both Mr. Fuller and Mr. Sununu said Mr. Bush "truly believes that anyone who's had an elected office has an edge in politics and government."

Asked Thursday what qualities had drawn him to Mr. Sununu, Mr. Bush cited his leadership of the National Governor's Association. "He's a take-charge kind of guy," Mr. Bush said. "He's very active, very energetic and I am very, you know, close to him personally."

But the choice of Mr. Sununu, 49, was not decided that day in Houston. After Mr. Bush expressed his view, his campaign chairman, James A. Baker 3d, quickly came up with the idea of forming a troika in the White House in the mold of President Ronald Reagan's first term, when Mr. Baker was the chief of staff, Michael K. Deaver the deputy chief of staff and Edwin Meese 3d counselor to the president.

According to people familiar with the events, Mr. Baker felt that both Mr. Fuller and Robert Teeter, Mr. Bush's poll-taker and strategist, would be needed in a Bush White House. These people said Mr. Baker believed that Mr. Fuller would help bring order to the staff and discipline to Mr. Bush's schedule and activities, as he had in recent years. They said Mr. Baker also believed that Mr. Teeter would be crucial in overseeing policy and issues for Mr. Bush, as he had during the campaign.

The sources said this view was shared by Richard G. Darman, a

close associate of Mr. Baker who worked in the White House with Mr. Fuller during Mr. Reagan's first term and with Mr. Teeter during the Bush campaign. Mr. Darman is considered the leading candidate to be Mr. Bush's budget director.

The troika idea was in full swing within 24 hours of the election. Mr. Baker, according to sources, spoke to Mr. Teeter and Mr. Fuller about it and also tried to sell the idea to the president-elect. Mr. Baker suggested that Mr. Fuller serve as deputy chief of staff, pointing out that Michael K. Deaver had wielded considerable influence with the same title in Mr. Reagan's first term.

But the plan ran into one problem: the three people involved, while part of the team that helped Mr. Bush get elected, did not want to work together in the way Mr. Baker envisioned.

Mr. Fuller, 37, a former public relations executive who joined the Reagan White House in 1981 as cabinet secretary, served as the senior traveling adviser to Mr. Bush during the campaign. He said he told Mr. Bush on Oct. 25 that after eight years in government he was thinking about looking for a job in business. Mr. Fuller said he told Mr. Bush that the White House



Mr. Sununu signaling a positive reaction to Mr. Bush's comments.

of staff was the one job for which he would remain in government. Mr. Teeter this week expressed a desire to return to his home in Michigan after the transition.

Mr. Sununu, who was instrumental in helping Mr. Bush win the crucial New Hampshire primary, had left no doubt that he did not want to come to Washington for a subordinate role and had said he would not accept a cabinet post.

Democratic Party Chief Might Stay

By Paul Taylor
Washington Post Service

WASHINGTON — The state chairman of the Democratic Party are in Phoenix, Arizona, this week for a review of the 1988 elections and a preliminary attempt to figure out who will lead the party for the next four years.

A few weeks ago, many Democrats were fretting about the bruising battle ahead over the party leadership. The fight seemed riddled with racial, ideological and geographic overtones.

Now, after the party's defeat in the presidential election, the very fear of that fight appears to have triggered an exercise in avoiding conflict.

The central figure is the chairman of the Democratic National Committee, Paul G. Kirk Jr. After stating publicly for the last year that he would step down when his term expired in January, he is now passing the word that he will consider staying on for a second four-year term.

If he does, it would mean that the chairmanship — which historically has been reserved for a tactician and fund-raiser — would not become a forum for doctrinal disputes about whether the party needs to move left or right, north or south.

"If there's one election that really shouldn't be about ideology, but about competence, it's this one," said Ann Lewis, former political director of the national party.

Mr. Kirk, 50, has told friends that he will not make up his mind until next week, but he has made clear that he will be asking the state party chairmen, on whom he has lavished money and attention for the last four years, to make their best case this weekend for him to stay on.

"It's a bit like Santa Claus asking a bunch of 7-year-olds if they really appreciate him," a party insider said.

"Kirk is the perfect choice," said Representative Tony Coelho of California, the House Democratic whip. "He's done a terrific job of building the structure of the party, and that's one of the reasons why, even though we lost the presidency, we did so well at all other levels."

Mr. Kirk is said by associates to have two motives for his apparent change of heart. One is that he had expected to go out a winner. "To watch the party lose a presidential race he thought it could win doesn't sit well with him," a friend said. "He feels like the job isn't done yet." The other is that he wants to spare the party the difficulty of replacing him.

That task appears unusually sensitive because, if he chooses not to

run, one of the leading candidates to replace him would be Ronald H. Brown, a Washington lawyer who has had long service in Democratic circles, most recently as the Reverend Jesse L. Jackson's 1988 convention manager. Mr. Brown has also served as deputy chairman of the party, as director of one of its rule-making panels, and as a political aide to Senator Edward M. Kennedy of Massachusetts during his 1980 presidential campaign.

Mr. Brown is the first black to mount what would be considered a major run for the chairmanship. He also is being termed by some in the party as the "Jackson candidate," a designation that ruffles him.

Mr. Jackson supports Mr. Brown. Privately, many of his supporters say they see Mr. Kirk's willingness to consider staying on as a stop-Brown and stop-Jackson move, and there could be friction as a result.

If Mr. Kirk does not run, two other potential candidates are Rick Weiser, chairman of the Michigan party, and former Representative Jim Jones of Oklahoma. Both have said that if Mr. Kirk runs, they will not. Others who will be testing the waters are former Representatives Michael Barnes of Maryland and Jim Stanton of Ohio.

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42 43 44 45 46 47 48 49	42 43 44 45 46 47 48 49	42 43 44 45 46 47 48 49

GAME 4	GAME 5	GAME 6
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AMERICAN TOPICS

Cloning May Bring Perfect Yule Trees

Cloning of Christmas trees by the millions may be the answer to heavy competition from plastic trees...

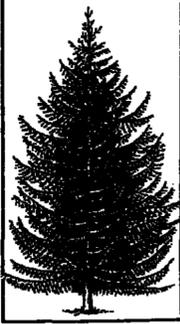
For consumers, the perfect tree must be conical and straight, with branches that lift at a 45-degree angle...

Growers are increasingly looking to laboratory techniques to produce a tree that will grow at a uniform rate...

Short Takes

Sweet Briar College in Virginia is observing the 40th anniversary of the postwar Junior Year in France program...

The Flawless Christmas Tree
Straight trunk
Thick two-inch needles
Limb angle upward at 45 degrees
Uniform conical shape
Tapers upward at 35-45 degrees



University of Delaware. Interrupted by World War II, it was revived by Martha B. Lucas...

Current military contractor firms have spawned the Defense Litigation Reporter...

ments, some containing vital insider company information, according to Pasha Publications...

A new electronic toll system that will "read" a special automobile tag may help motorists whiz by toll booths...

A bronze bust of the late actor James Dean has been put up at the Griffith Observatory in Los Angeles...

At an indoor ice-skating rink in Englewood, New Jersey, Karen Sadock, a New York Times reader, overheard this conversation...

Arthur Higbee

Pentagon Gives Reagan Final Options List for Disputed Soviet Radar

By R. Jeffrey Smith

WASHINGTON — The Defense Department has given President Ronald Reagan a final report on military options that he could pursue because the Soviet Union refuses to destroy a partly completed radar in eastern Siberia...

But Secretary of Defense Frank C. Carlucci also expressed reservations about carrying out the options, which include the deployment of more missile-firing submarines...

Another option, calling for accelerated testing and development of a limited defense against Soviet ballistic missiles, would cost additional billions...

The State Department advised against the options after reviewing a draft version of the report last week. It argued that the immense radar near the city of Krasnoyarsk posed no immediate military threat...

Officials at the White House and the Soviet Embassy in Washington have expressed interest in settling the dispute through more negotiations...

A.U.S. Warning on Aspirin

WASHINGTON — The Food and Drug Administration has proposed requiring labels for aspirin that would warn pregnant women against taking the pain reliever...

'Forgotten' American Youth Millions Lacking College Slip Into 'Economic Limbo'

By Spencer Rich

WASHINGTON — The "forgotten half" of American youth — 20 million persons aged 16 to 24 who will never go to college — is rapidly falling into an "economic limbo" that threatens to undermine U.S. productivity and living standards...

The youths are largely white, but an increasing share are black, Hispanic and Asian. A large proportion come from low-income areas of the South and West as well as inner-city nationwide...

"America shortchanges half its youth, the half that doesn't go to college," said Harold Howe 2d, a former U.S. commissioner of education...

The foundation's report, made public Thursday, sketched this portrait of what it calls the "forgotten limbo": "Their lives as adults start in the economic limbo of unemployment, part-time jobs and poverty wages..."

Mr. Howe added at a news conference Thursday: "Noncollege youth have shaky launching pads for their young lives. He said that the United States, in its own interests, must stop thinking of these youths as 'second-rate or a generation of misfits.'"

Samuel Halperin, the study director, added: "Neglect of this segment is undermining the skills and productivity of the future labor force of this country, and therefore its future living standards. Too many people are not equipped to work. In our own selfish interests, they shouldn't be consigned to the trash heap."

The blue-ribbon panel called on the government to commit \$5 billion a year in new funds over the

next 10 years to enlarge Head Start, the Job Training Partnership Act, the Job Corps and the Chapter I program to provide remedial education for disadvantaged children.

In addition, it recommended \$250 million a year to create "Fair Chance," a widespread system of demonstration projects combining various community organizations in programs to provide guidance and local "mentors" for low-income youth.

The report also called for volunteer programs to involve poor and affluent youth in community-service projects that would help their own development, self-confidence and capacity to work.

President-elect George Bush proposed a community-service youth-volunteer program on Oct. 4 with \$100 million in federal grants to be matched by private money.

In an era when jobs increasingly require more skills and are becoming more complex, lack of adequate education, poor income, health care and child-care aid are major barriers to advancement, the report said.

It said these factors were part of the reason — along with a general productivity slowdown since 1973 and a reduction in high-paying manufacturing jobs — why inflation-adjusted wages of non-college youth dropped sharply from 1973 to 1986.

The report said average annual earnings of young men aged 20 to 24 who had not finished high school dropped 42 percent from 1973 to 1986 after accounting for inflation. Earnings dropped 28 percent among youths who had finished high school but gone no further, according to the report.

By contrast, the income of college graduates remained essentially the same after accounting for inflation.

Over the same period, the report said, the proportion of all families headed by a person under 25 that fell below the government's official poverty line jumped from one-sixth to one-third.

Make Israel Pay Tariffs, Groups Tell U.S.

By Stuart Auerbach

WASHINGTON — Reagan administration trade officials have heard arguments from Arab-American organizations that Israel's treatment of Palestinian workers in the occupied West Bank warrants that Israeli products should lose duty-free entry into the United States.

This is the first test of Israel's human rights record under U.S. trade laws, which require countries that grant duty-free access under the Generalized System of Preferences, or GSP, to follow international norms for workers' rights.

The arguments were made Thursday at a hearing conducted by the U.S. Trade Representative's office. The hearing was opposed by the State Department on the ground that it appeared to legitimize Israel's occupation of the West Bank.

workers' rights and asserted that many Palestinian unions are fronts for terrorists and the Palestine Liberation Organization.

"Israel is pretty confident that this play by the American-Arab Anti-Discrimination Committee will prove to be another futile exercise in propaganda," said Yossi Gal, press attaché at the Israeli Embassy.

Mohammed Rashid al-Rishan, secretary-general of the Doctors and Mechanics Union in East Jerusalem, told the hearing that Israel restricts his union's ability to communicate with its members and harasses union officials at their office.

Another union leader, Khalil Touma of the General Federation of Trade Unions in the West Bank, said that leading union activists had been deported by Israeli military authorities and that others had been restricted to their towns.

In the complaint to take away Israel's privileges under the Generalized System of Preferences, the American-Arab Anti-Discrimination Committee accused Israel of persistently denying international accepted workers' rights to Palestinians who work as day laborers in Israel and of harassing union organizations on the West Bank.

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Another union leader, Khalil Touma of the General Federation of Trade Unions in the West Bank, said that leading union activists had been deported by Israeli military authorities and that others had been restricted to their towns.

These actions against unions have intensified since the West Bank uprising started a year ago, he said. Israeli officials and U.S. labor and Jewish organizations attacked this testimony. "It is another coordinated Arab effort to drive a wedge between the United States and Israel," said Meyer Eisenberg,

representing the Anti-Defamation League of B'nai B'rith.

He said the unions that have been restricted by Israel have engaged in political activities. "A number of unions are mere covers for terrorists, the PLO," he added.

David Tversky of the Jewish Labor Committee said Israel's treatment of unions complies with requirements of the International Labor Organization. "The ILO has also confirmed that the state of Israel respects trade union rights in the West Bank and the Golan Heights," he said.

Rudy Oswald, director of economic research for the AFL-CIO, the largest U.S. labor federation, said that it is AFL-CIO's view that the investigation of Israel for workers' rights abuse is a grave mistake which obscured the purpose and intent of the law.

'Amos 'n' Andy' Comment Regretted by Congressman

WASHINGTON — Robert H. Michel, the House Republican leader, has apologized for nostalgic remarks about minstrel shows and the "Amos 'n' Andy" radio program that have been criticized as racially insensitive.

In a television interview over the weekend, the congressman from Peoria, Illinois, recalled those entertainments with fondness and also suggested that attempts to replace racially offensive language in songs amounted to an effort to revise an aspect of American culture.

But in a statement this week he said: "I realize there is no excuse for my remarks. My regret is even more profound because I believe my public record of over 32 years as a congressman is without the slightest blot of bigotry or racial insensitivity."

On Tuesday, the chapter of the National Association for the Advancement of Colored People in Peoria called for Mr. Michel to resign. The group's national headquarters issued a reprimand.

"I find it shocking," said Benjamin Hooks, the national executive director, "that he would express a nostalgic yearning for symbols that he himself recognizes are considered demeaning by many people."

Quayle Vacancy Won't Go to Wife

WASHINGTON — Marilyn Quayle said Friday that she was not interested in the Senate seat from Indiana being vacated by her husband, Vice President-elect Dan Quayle.

There had been speculation that Mrs. Quayle, a political conservative, might be named to the seat.

Mrs. Quayle discussed the matter on Thursday with Governor Robert Orr of Indiana, a Republican, who will pick a successor when Mr. Quayle leaves the Senate. "I am not interested in being appointed to fill my husband's seat in the U.S. Senate," she said.

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Suddenly, Italians Discover Pollution

By Roberto Suro

MANFREDONIA, Italy — In response to a series of environmental emergencies, angry and sometimes violent crowds have taken to the streets of several Italian cities recently to express what they call "the rage of the poisoned."

As Italy belatedly discovers that much of its air and water is severely polluted, the government has quickly begun adopting clean-up plans in the face of demands for more ambitious action to prevent future disasters.

This little Adriatic port has been the scene of the most dramatic protests. The doors of Manfredonia's city hall have been set afire, mobs have set up roadblocks sealing off the town for as long as three days and terrorist bombs have been set off near the petrochemical plant that has aroused so much anger.

Elsewhere, general strikes and other forms of protest have compelled the government to change plans for the handling of toxic wastes, and Parliament is now considering a completely redesigned energy policy because of an overwhelming vote against nuclear power plants in a national referendum last year.

"We are very, very late in concerning ourselves with pollution," Environment Minister Giorgio Ruffolo said in an interview in his Rome office, "because for decades we have been obsessed with achiev-

ing the maximum economic growth possible in the minimum amount of time." "Meanwhile," he added, "environmental problems have built up along with popular dissatisfaction and now both are exploding."

According to Antonia Coderna, an independent leftist member of Parliament, a dramatic cultural change is taking place in Italy, where "the whole national territory is considered no-man's-land, something to be used and manipulated by whoever gets there first."

The government has already been accused of lacking commitment to its most ambitious project, a 10-year plan to clean up industrial, agricultural and urban pollution of the Po River basin. After approving the plan, the cabinet cut half the financing for the first year's work from the 1989 budget.

Mr. Ruffolo argues that money itself is not important, reporting that after an aggressive building program, half of Italy's sewage treatment plants do not function properly because of mismanagement. His strategy is to exploit Italy's fear of environmental crisis by taking measures that "depart from

behind some of its northern neighbors, Italy is now considering mandatory reductions in automobile emissions because Mr. Ruffolo has demonstrated that the atmosphere in 11 of Italy's biggest cities is dangerously polluted.

Some champions of the environment worry that the burst of interest is temporary.

"The whole national territory is considered no-man's-land, something to be used and manipulated by whoever gets there first," Antonia Coderna, independent member of Parliament

INTERNATIONAL CLASSIFIED (Continued from Back Page). Includes sections for ESCORTS & GUIDES, INTERNATIONAL ESCORT SERVICE, and various agency listings with contact information.

مكتبة الأصيل

Beset by High Inflation, China Struggles to Rein In a Runaway Economic Success

By Daniel Southerland
Washington Post Service

CHASHAN TOWNSHIP. China — Lin Xiaojun, a factory director and Communist Party member, jurs a sweatshop with a heart. Her workers toil long and hard at what would be considered paupers' wages elsewhere in the world to produce thousands of Roger Rabbit dolls each week for the U.S. market.

Although the workers labor harder than those in other state-owned enterprises elsewhere in the country, their benefits far exceed those of most Chinese workers.

This relatively small factory, which operates in many ways like a capitalist enterprise, and thousands of others like it here have made Guangdong Province the top province in China.

The 65 million people in the province are China's richest. Guangdong has helped fuel the economy, their success has also created problems for the central government. At a time when Beijing has declared inflation to be the No. 1 enemy, booming, unregulated production in Guangdong has helped to bolster the Chinese inflation rate to the highest levels in nearly 40 years of Communist rule.

Guangdong, situated on the southern coast, is pointed to by many people as the pinnacle of the modernization drive. Half of the foreign investment funds entering China come here. See Guangdong, people say, and you will see the future.

Beijing's delegation of economic powers to the provinces has been an essential part of the effort begun

the world, and they can get it from other provinces.

"They pay attention to what the market wants," he said. "Not Beijing."

The real struggle in China now, he said, is not the fight against inflation but Beijing's battle to control regional powers.

Most people in Guangdong Province were considered poor 10 years ago. But their fortunes improved in the late 1970s with the start of major agricultural changes.

The government broke up communes and allowed farmers to make many of their own decisions. It also gave them the right to sell some produce on the free market.

As a result, rural incomes in China more than doubled from 1978 to 1982. In Guangdong, the changes have been more remarkable than in most parts of China. Peasant income in Guangdong reached more than 600 yuan (\$161) a year in 1987, compared with a national average of 463 yuan. Those farmers who took on factory jobs — five million farmers in Guangdong have done so — bolstered their average incomes to more than 2,400 yuan a year.

The Chinese have long considered anyone in their country who makes more than 10,000 yuan, about \$2,700, a year, to be rich.

The county in which Chashan is situated, Dongguan, was the first in China to install a microwave telecommunications network for all of its towns and villages, putting them in direct telephone contact with more than 20 countries. Most Chinese could not imagine such a network.

Lin Xiaojun, the factory owner, literally went from rags to riches in Guangdong. Ms. Lin, now in her 50s, started working decades ago as a private seamstress. But she could not get enough cloth to make dresses because basic items were tightly rationed. She survived by mending and patching clothes.

Now, while many of her workers

earn up to \$100 a month, she can earn several times that amount.

People in Chashan township, as in much of Guangdong Province, are motivated by a desire for material gains and a knowledge of how well their fellow Chinese have done in Hong Kong and elsewhere in Asia.

Many businessmen who come here from Hong Kong to invest in Dongguan County and provide it with vital technological know-how were born in China but fled to escape poverty and communism.

Today, no one holds that against them; they and the capitalist management techniques they preach are warmly welcomed.

Also welcomed are laborers brought in from other parts of the country. Because Lin Xiaojun's sales are brisk, her Chashan township factory is constantly short of workers to meet the American demand for dolls. Young workers come from as far as 800 miles away to labor there.

For Beijing, the biggest problem is that Guangdong seems out of control. For example, Beijing recently discovered that the province had been illegally exporting pig iron to earn foreign exchange while China had, and still has, a steel shortage.

While the central authorities do

not want to kill its "golden goose," it does want to rein it in.

With half of the foreign investment funds entering China going to Guangdong, the government must act with care.

The government has also realized that its plan to use Guangdong as a model for the coast cannot be carried out now. With increased automation, labor is no longer the major factor it once was in production costs. Labor in China, much of it inefficient, is often not cheap when the cost of productivity per person is calculated. And Guangdong's close ties with Hong Kong give it advantages over other cities.

The central government has cherished another view that seems to be losing credibility. The idea was that the wealth of Guangdong and other relatively prosperous provinces would "trickle down" to the poor provinces.

But it now seems to be accepted that for years to come, the economic divide between the coast and the interior will grow rather than narrow, creating new strains in a country that is already suffering from a sizable gap between rich and poor.

Monday: The poor provinces fall further behind.



Guangdong is China's most prosperous province, but critics say wealth is merely widening the gap between rich and poor.

China

China

Trade Pact Is Defended By Thatcher

Washington Post Service

WASHINGTON — Prime Minister Margaret Thatcher of Britain has vigorously defended the U.S.-Canada Free Trade Agreement, saying that it would be "a great blow" to world trade if the agreement were rejected by Canada and that rejection could severely damage Canadian credibility in future negotiations.

At the end of her visit to Washington, Mrs. Thatcher said in an interview that the consequences of the agreement not going ahead would be "very considerable."

Asked if it would be a blow to world trade, she replied, "When a country has gone in good faith to negotiate a major agreement with another country, it would be a blow if that agreement were not ratified."

U.S. lawmakers see new opportunities to export California wine, West Virginia coal, and Oregon lumber, not to mention computers, telecommunications equipment, and countless types of fruits and vegetables.

Senator John H. Chafee, Republican of Rhode Island, has praised the agreement because it would provide New England with secure energy supplies, hydroelectric power and natural gas.

Senator Lloyd Bentsen, Democrat of Texas, said it would give the United States "almost unlimited access to invest in Canadian energy" resources.

CANADA: High Stakes on Trade

(Continued from page 1)

have the world's largest two-way trading relationship.

Trade in goods and commodities totaled \$131 billion last year, and that does not include the value of services, which is more difficult to measure.

Canadian critics say it would turn Canada into a virtual colony of the United States and would endanger Canada's network of social programs, including health insurance and old-age pensions.

They also say that the bulk of Canadian exports already enter the United States tariff-free, and that a thriving two-way trade would continue, regardless of the pact's fate.

Proponents in Washington and in Canada assert that the trade pact is essential to building an even greater economic partnership between the two countries.

Senator John Glenn, Democrat of Ohio, said the agreement would "make both of our economies more competitive."

The debate over the agreement comes as the European Community is tearing down its internal trade barriers and moving to form a single, unified market by 1992.

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SOVIET: Support for State

(Continued from page 1)

lomat said, "about as mild as Israel could have hoped for."

Officials said there was no immediate plans to upgrade the Palestine Liberation Organization's permanent mission in Moscow to an embassy.

The Soviet statement applauded the PNC's decision to accept United Nations Security Council Resolution 242, which establishes the right of all states in the region, including Israel, to live in peace "within secure and recognized boundaries."

Mr. Bessmertnikh said the result of such a peace would mean that the Palestinians would "at last gain a foothold" and the Israelis would "gain reliable security."

The Soviet statement comes at a time when it has improved its ties with Israel. Moscow broke diplomatic relations with Israel in 1967, but in recent months Israeli envoys have been meeting with Soviet officials.

The Kremlin, however, says it will not restore ties until Israel takes part in an international conference on the Middle East. The Foreign Ministry spokesman, Genadi I. Gerasimov, said that the PNC's action had created "favorable conditions" for such a conference.

The Israelis have rejected the PNC's acceptance of UN Resolution 242.

The United States has so far said it welcomes the PNC recognition of the UN resolution, but has refused to recognize the declaration of a Palestinian state.

East German Recognition The East German press agency ADN said that an East German Foreign Ministry official delivered a note recognizing the proclaimed Palestinian state to the PLO's "accredited ambassador" in East Germany, Isam Kamel Saleh, The Associated Press reported.

The note was delivered by Heinz-Dieter Winter, deputy minister for foreign affairs, the agency said.

East Germany has been a staunch supporter of the PLO and has never had diplomatic relations with Israel.

East German officials last month told a delegation of the World Jewish Congress that they were considering steps to improve relations with Israel.

Peres Denounces Move Foreign Minister Shimon Peres, in an unusual meeting with 60 foreign diplomats, accused the PLO of staging an "artificial show of moderation" by implicitly recognizing Israel. The Associated Press reported from Jerusalem.

Speaking in a closed session, Mr. Peres told the diplomats from 42 countries that the PLO declaration "was an attempt to mislead public opinion," an aide said.

"We want to replace the artificial feeling that the PLO adopted some thing new in Algeria with a real opening line to negotiations," Mr. Peres was quoted as saying.

TREASON: A South African Court Convicts 4 Prominent Black Activists

(Continued from page 1)

black townships around the country, resulting in more than 2,500 deaths, most of blacks, and the imposition of a nationwide state of emergency that is still in effect.

The judge said that the association had been "bent on the demise of black local authorities, of which violence was an inevitable and necessary component." The defendants, he said, worked with the UDF to "render the country ungovernable" through the spread of violent protest.

Much of the arguments centered on the question of whether a "freedom struggle" could be distinguished from the notion of political violence. The defendants conceded that the ANC's goal was the overthrow of the government but that their goal was "the abandonment of apartheid, the ending of white

privilege and the extending of the vote to all."

The prosecution contended that the defendants had incited crowds to violence and in some cases had specifically urged blacks in the Sharpeville area to stone black councilmen and set their bodies afire. Their actions, the prosecutors said, were part of a UDF strategy to dismantle the township councils and make South Africa ungovernable.

The UDF leaders, Justice van Dijkhorst said, encouraged its affiliate organizations to launch general strikes, school boycotts and other protests that inevitably would lead to violence.

Zimbabwe Condemns 3 One Zimbabwean, two Whites and one black, were sentenced Friday to hang for the murder of an unemployed Zambian driver who was killed in a bomb attack on the ANC. Reuters reported from Harare.

ps Tell U.S.

representing the Anti-Defamation League of B'nai B'rith.

He said the unions have been restricted by laws engaged in political action. A number of unions are active for terrorists, the PLO, he said.

David Tversky of the Labor Committee said Israeli requirements of the Internal Labor Organization. "They also confirmed that the U.S. respects trade union in the West Bank and the Strip," he said.

Rudy Oswald, director of economic research for the AFL-CIO, said that it is AFL-CIO's "the investigation of labor workers' rights abuse is a mistake which obscured its

Mr. Oswald continued, "the country whose Arab citizens' rights they dare not even in most Arab states is in the forefront of such countries as Thailand and Turkey are to be examined."

ollution

emergencies to deal with problems.

His greatest success after disclosures last week Italian companies were Third World nations to use wastes that were left dangerous dumps.

In the midst of the Ruffolo persuaded the state to issue an emergency decree not only outlawed the wastes to nations except handle them properly but established Italy's first comprehensive plan to deal with the materials.

Opposition, however, the ports ordered to carry toxic wastes.

Protests were staged in Livorno and Ravenna, but reacted as strong as London, where a local union supported by the petrochemical industry is being run by Enrico Cuccia, an owned company, believed elsewhere for treatment.

Having essentially clean plan, newly formed companies raised the plan's meaning that the plan's down because of past contamination problems.

The plan was built in 1972 because of that traditionally polluting this part of 57,000 million their share of Italy's wealth.

ED ESCORTS

GENEVA

GUIDES

ESCORT SERVICES

GENEVA

GENEVA

GENEVA

GENEVA

FLIGHT: China and Soviets Cooperating on Routes

(Continued from page 1)

Both China and the Soviet Union are expanding commercial aviation as part of an effort to develop their economies and provide wider openings to the outside world.

China, Mr. Wazirada said, is buying more long-haul planes. "The Chinese would like to operate directly to Europe over the Soviet Union," he said.

"It will be a vice-versa facility for the Soviet Union which is also expanding its commercial aviation fleet and wants to extend services in the Asia-Pacific region," Mr. Wazirada said.

In recent years, Asia and the Pacific have been the fastest growth areas in the world for civil aviation, and this trend is expected to continue over the next decade.

International Air Transport Association officials said there was also a growing demand from business travelers and other passengers for direct, nonstop flights between Asia and Europe.

In 1983, there were only 14 nonstop flights a week between Europe and Southeast Asia via the Soviet Union and Afghanistan. All were between Copenhagen and Bangkok. Today, the officials said, there are about 210 nonstop flights a week on the same route linking European cities with New Delhi, Bangkok, Singapore and Hong Kong.

The two new more-direct routes that are under study run northwest from Hong Kong across China to Hanoi in Sino-Kong province near the border with the Soviet Union.

They would divide, with one route continuing northwest to Novosibirsk in Soviet central Asia and the other heading almost due west to Alma Ata. From Novosibirsk, aircraft would connect with an existing flight path over the Soviet Union to destinations in northern Europe.

Planes joining the existing Soviet flight path from Alma Ata would fly to central Europe.

Colin M. Gibson, publisher and executive editor of Asian Aviation, a monthly magazine, said that if either of these routes was realized, it would radically alter the pattern of long-haul flying between Asia and Europe.

"There would be an upsurge in nonstop flights, and one-stop service between Australia and Europe, via Hong Kong, would be possible for the first time," he said.

Many of the flights between Eu-

HORMONE: Can't Find Car?

(Continued from page 1)

also influence individual performance.

If confirmed by further research, the findings could influence the use of standardized tests, such as the aptitude or achievement tests taken by many high school students. Dr. Kimura said she feared the findings might be misused by people who would try to take estrogen, for example, to improve their performance on verbal tests.

The tests were not conducted on the days immediately preceding a woman's menstrual period, when many women report mood changes. "The cognitive changes we see are not attributable to mood changes," Dr. Kimura said in an interview. "They are not related in any way to premenstrual syndrome."

Women who are pregnant are in a permanently high estrogen phase, as are women who take birth control pills, which mimic the hormonal effects of pregnancy. Dr. Kimura says she also hopes to study women

who take drugs to combat endometriosis, a condition in which uterine tissue migrates elsewhere in the abdomen. These drugs artificially reduce estrogen.

Dr. Kimura said men might also experience fluctuations in cognitive skills along with daily fluctuations in key male hormones. Testosterone, the primary male sex hormone, is higher in the morning than evening, she said, but no one has yet looked at how this might affect male thinking skills.

"The basic intellectual pattern of human male and female brains is probably present before birth," she added. "There is a tendency for males to be better at spatial tasks while women are better at certain kind of motor tasks and verbal fluency."

Dr. Kimura stressed that these differences were based on averages. Although there is a male brain pattern and a female brain pattern set before birth, she said, individual men and women vary widely in their cognitive abilities.

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INTERNATIONAL Herald Tribune

On the Empire's Edge

Presumably Mikhail Gorbachev did not become the Kremlin's first minister in order to preside over the dissolution of the Soviet empire...

The Soviet Union, the temptation is not only to keep power centralized but to break the real local resistance to reform by administering reform from the top down...

Cheers for the Pakistanis

The first free vote in more than a decade has been for Pakistanis, and especially for Benazir Bhutto, the leader of the party that led all others by a wide margin...

General Mohammed Zia ul-Haq overthrew him and later ordered his execution. The general was killed during the summer in a plane crash still unexplained...

Guns Do Kill People

"Guns don't kill people; people kill people." That is a favorite argument of the gun lobby. But a new study gives reason to disagree...

In fact, the gun crimes appeared to account almost entirely for Seattle's higher rates of aggravated assaults and homicides...

Other Comment

A Palestinian Breakthrough With the acceptance of United Nations Resolution 242 the PLO has now stepped out of the world of fantasy and into the world of practical politics...

aged most other members to simply forget the group's commitments, thereby gutting the market and forcing oil prices down to the present range of \$12-\$13, much below the group's \$18 reference price...

Last Chance for OPEC The OPEC ministerial talks beginning in Vienna on Monday are the last chance for the organization to restore its credibility and influence in the oil market...

Benazir Bhutto deserves her victory in the first democratic general election in Pakistan for 11 years. She moved with great skill to broaden her support...

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1988/1989

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How Likud and Labor Can Save the Center

By William Safire

CHICAGO — Many Jewish Americans — including most of Israel's strongest longtime supporters — are disturbed by the way a cabal of Orthodox politico-rabbis in Israel is making a grab for ecclesiastical exclusivity...

2. Desperate to cling to office despite the voters' rejection, Mr. Peres offered the religious parties not only cabinet posts but also support for a bill to give them the right to decide which conversions count — for many, in effect, "who is a Jew."



Move back two steps and examine another scenario. 5. Mr. Shamir, able to form a Labor government, offers Labor a deal: If you agree to being junior partner — with your tough Yitzhak Rabin in a key post, and your loose-cannon Peres out in the cold — then together we can reform the political system to make it more difficult for splinter parties to be kingmakers.

What most troubles most Jews in the United States and in Israel is not that some Orthodox leaders want their own form of papacy — that fantasy is nothing new — but that the political leaders of the Jewish state, dickering for votes in the Knesset to form a majority, seem to be promising to grant a demand that would infuriate Jews everywhere...

6. The politico-rabbis, who surely know this is coming, are prepared to demand placation for the failure to deliver in the form of a ban on movies or soccer or anything else on the Sabbath, an end to archeological digs or whatever. The Likud could then try to govern at the sufferance of unstable coalition partners, with most Israelis getting annoyed and then angry.

The PLO's Message Is Still of Cynical Rejectionism

By A. M. Rosenthal

NEW YORK — I hereby declare that I am the rightful owner of the house in which you live. I have created a new corporation to take it over. Take notice that I intend to establish the headquarters in your living room...

Neither Mr. Bush nor James Baker, who will be his secretary of state, are overflowing with eagerness. It will be interesting to see the reaction of Governor John Sununu of New Hampshire, Mr. Bush's choice as chief of staff. He is the only governor who declined to denounce the United Nations Zionism-is-racism resolution.

But the PLO made it clear that it still braced the UN for a peace conference condemning Israel, including the international piece of anti-Semitism that equates Zionism, the philosophic root of the Israeli state, with racism. It did not consider...

With Ronald Reagan stepping down, it is a technique that will increasingly determine the shape of East-West relations. Mrs. Thatcher communicates this as she rolls with ease through this discussion, the 12th interview in a busy Washington day that has just reached lunch time.

create: See, we are now willing to consider someday maybe perhaps recognizing Israeli existence, so now you can deal with us. Neither Mr. Bush nor James Baker, who will be his secretary of state, are overflowing with eagerness. It will be interesting to see the reaction of Governor John Sununu of New Hampshire, Mr. Bush's choice as chief of staff. He is the only governor who declined to denounce the United Nations Zionism-is-racism resolution.

Thatcher on the Cusp: She's No Ordinary Mortal

By Jim Hoagland

WASHINGTON — What makes Maggie run? That is, what continues to drive the Right Honorable Margaret Hilda Thatcher, MP for Finchley, British prime minister for nearly a decade and now on the cusp of becoming the Atlantic alliance's superstar? In an hour's conversation at Blair House, a few phrases from a Rosetta Stone of Thatcherism in its second decade at home and abroad...

able striving born in Britain's rigid class system. They give Mrs. Thatcher a force and lucidity that continue to burn brightly after a decade in power. This force is one of the things about Mrs. Thatcher that clearly fascinates Mr. Gorbachev. She describes their relationship in these words: "He can be quite a belligerent person sometimes and then we get past that and we go back blow for blow and then we get down to the nitty gritty as it were. It's a technique."

Leftist ideology, she says, "appeals to a kind of person who has a certain intellectual standing but doesn't think that their power is equal to their intellectual standing. They think they could make a much better thing of it if they had all the power. Somehow we ordinary mortals are fit to be trusted with our own freedom, but those super mortals can plan everything best for them and ourselves."

With Ronald Reagan stepping down, it is a technique that will increasingly determine the shape of East-West relations. Mrs. Thatcher communicates this as she rolls with ease through this discussion, the 12th interview in a busy Washington day that has just reached lunch time.

What worked in the campaign could work in government. Why do we think that a man who ran a campaign as Caesar, will upon taking office become Caesar's wife? If I were in the Senate, I suppose I would vote to confirm Mr. Baker. But I would like to ask him whether he is going to do in government what he did in the campaign. I would like to know exactly what he thinks of truth, whether it is an obligation the government owes the governed or whether its use depends on its political utility. I would like to know whether he recognizes a lie and whether he believes in something called a Laffer Trough, one concocted of little lies: Boston Harbor would not have learned a lesson: Of course, nothing like that will happen. Mr. Baker probably will not be asked to account for his management of the Bush campaign. No senator will ask the press not to demand and the people will be otherwise occupied. Whatever Mr. Baker did will be forgotten. The morality of Washington holds that James Baker has been purged of his sins. After all, he won. Washington Post Writers Group.

Mr. Terrific Has Some Answering to Do

By Richard Cohen

WASHINGTON — "Tell me, Mr. Baker, did you know that your campaign commercial about the Boston Harbor misrepresented the situation?" That question will almost certainly not be asked of James Baker when he comes before the Senate to be confirmed as secretary of state. Instead, we can expect questions on foreign policy exotica and a bath of praise for a man who embodies the highest of all Washington virtues — pragmatism.

of the Democratic National Convention in July. But the negative advertising strategy had been set in May by, among others, Mr. Baker. Jim Baker is admired in Washington, and for good reason. He is a professional politician. He is a pragmatist in a city that values performance and can hardly wait until the last Reagan ideologue is either out of town or barricaded in the American Enterprise Institute. He was a valuable and important White House aide, an island of rationality in a churning sea of far-right ideology. As Treasury secretary, Mr. Baker earned high marks, and his manner and accessibility have endeared him to the press.

Are we to forget the campaign Baker ran? mance and can hardly wait until the last Reagan ideologue is either out of town or barricaded in the American Enterprise Institute. He was a valuable and important White House aide, an island of rationality in a churning sea of far-right ideology. As Treasury secretary, Mr. Baker earned high marks, and his manner and accessibility have endeared him to the press.

But what of a man who directed a campaign that many considered sly and which may have changed the tone of presidential campaigns forever? What does this say of him? Why is it presumed that someone who waged that sort of campaign would not have learned a lesson: What worked in the campaign could work in government. Why do we think that a man who ran a campaign as Caesar, will upon taking office become Caesar's wife? If I were in the Senate, I suppose I would vote to confirm Mr. Baker. But I would like to ask him whether he is going to do in government what he did in the campaign. I would like to know exactly what he thinks of truth, whether it is an obligation the government owes the governed or whether its use depends on its political utility. I would like to know whether he recognizes a lie and whether he believes in something called a Laffer Trough, one concocted of little lies: Boston Harbor would not have learned a lesson: Of course, nothing like that will happen. Mr. Baker probably will not be asked to account for his management of the Bush campaign. No senator will ask the press not to demand and the people will be otherwise occupied. Whatever Mr. Baker did will be forgotten. The morality of Washington holds that James Baker has been purged of his sins. After all, he won. Washington Post Writers Group.

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Canadians Will Pay Either Way

By William Pfaff

PARIS — The Canadian election on Monday will be the most important in the country's recent history. The major issue that underpins party differences is whether Canada should ratify the free trade agreement that has been reached with the United States. Implicit is a question of Canadian national autonomy and one of the quality of North American society in the future.

The economic argument for the trade agreement, defended by Prime Minister Brian Mulroney, is that eliminating cross-border restrictions on investment and exchange will create or save Canadian jobs and spur growth. It is not an argument that can be dismissed. Indeed, the pact is inspired chiefly by the persistent American tendency toward protectionism against which Canadians find it hard to defend. Today, 78 percent of Canada's exports go to the United States, and only a fifth to a quarter of U.S. exports go to Canada.

Canada does disproportionately well on U.S. markets, but there is a permanent U.S. inclination to ignore Canadian interests. America's all-Americanism, America's spite in the United States are known to say, bewildered by the Canadian conviction that Canada is different from, say, South Dakota.

The economic argument against the agreement is that Canadian industry and agriculture would tend eventually to be swept into total integration into the U.S. economy. Existing Canadian tariffs are generally higher than America's, as are Canadian subsidies to industry and agriculture. These will be reduced or swept away by the agreement, as will the critics' Canada's much higher levels of social protection.

Comparison with the European Community is misleading. The EC consists of four countries of more or less the same economic and industrial scale (West Germany, France, Britain and Italy), fully capable of defending their individual interests plus two more (Spain and the Netherlands) roughly half the size of the big four, plus the smaller economies. My single power can dominate the group.

There are agreed definitions of social protection, and a European Court to which disagreements are referred. These do not exist in the U.S. Canadian pact, between a nation of 245 million people, with a \$4 trillion economy, and one of 26 million people, with a \$400 billion economy.

Economics, however, is not the primordial problem. Robertson Davies, the Canadian novelist, calls the issue one of Canada's survival "in terms that are not immediately political but cultural and indeed spiritual."

The Canadians' original stand in the 18th century was political, defying the other American colonies' rejection of the British crown. Canadians burned Washington in 1812 in revenge for a U.S. effort to take them over, and they united in 1867 in reaction against the threat they saw in the American Civil War and the emergence of a powerful Union. All along, Canadians have, at considerable sacrifice, defended a national course separate from America's.

The argument for continuing to go so is nationalistic and cultural — to defend a second way on the North American continent, more socially minded and cooperative, more inward, than in the United States. These might have been a third way. One could argue that the pact might be better for everyone had the states of the American Confederacy been allowed to go in peace in 1860. Slavery could scarcely have survived the end of the 19th century. If slavery had been brought to an end by Southerners themselves, its aftermath would perhaps have been less degrading and divisive than Jim Crow — and what has followed — proved to be.

What North America would then have become is hard to imagine. The pre-1860 South was certainly different from the North, its European ties close to those of English-speaking Canada — its ethnic stock Scots-Irish and English, overwhelmingly Protestant (except for Acadian Louisiana).

Would the United States itself be better off today if it were less gargantuan, only 43 states (or 41, less powerful, less sure of its invulnerability, less rich)? It is possible to think so. To think so, of course, is the speculation — for an American. The different course is not speculation for a Canadian, who for the third time in a century confronts a proposition for the effective economic union of his country with the United States. If Canadians reject that choice again, they will continue to pay a price. If they accept, they will also pay a price. International Herald Tribune. © Los Angeles Times Syndicate.

100, 75 AND 50 YEARS AGO

1888: The Glorious Tub

PARIS — Decidedly the French race is rapidly becoming imbued with the Anglo-Saxon character. Parisians of today patronize London tailors and "American bars"; they ride in hansom cabs and employ Edison's electric light, they print interviews à l'Américaine, honor Shakespeare and have their pockets shaken by Gallican imitations of old Fraign. But perhaps the most signal triumph in this social revolution has been the importation into France of the Britannic tub. M. Philippe Dary, the writer, remarks that France can look back upon a past glorious in art and science and conquest, yet she has never known, until of late years, the inestimable blessing to be derived from the proper use of a large sponge, a rough towel and a bucket of cold water. French editors and legislators have been finally aroused to the importance of the old Latin precept with which they have filled their copy books from time immemorial: Mens sana in corpore sano.

1913: Huerta on War

MEXICO CITY — Two Americans here, whose names cannot be used, have interviewed General Huerta, asking about the safety of Americans in Mexico in the event of intervention. General Huerta replied: "There will be no intervention. But if the United States ever moves, Americans will be treated here the same as they would be anywhere in the world. In the event of war, they would be allowed to leave."

1938: Cherry Tree Fray

WASHINGTON — One hundred shrieking women, infuriated at the removal of a number of Japanese cherry trees to make way for a Thomas Jefferson memorial, charged a gang of W.P.A. workers and after a thirty-minute battle emerged triumphant and shouting. The cherry trees, presented by the Emperor of Japan, are very popular with Washingtonians due to their beauty.

صكياتن الاصل

ARTS / LEISURE

Wind of Change in Art Market

NEW YORK — The wind is turning in the art market. The eagerness to buy is still intense but the limits beyond which art hunters refuse to be dragged by vendors hoping to make a killing have been made apparent in three sales of Impressionist and Modern Masters.

Sotheby's had a hard time with its Nov. 11 auction, even though the total sold amounted to an impressive \$79,453,000. The number of failures, 23 out of 77 lots, was far



Picasso's "Maternité," which was sold for \$24.7 million.

Souren Melikian

too high, betraying a dangerous tendency to overestimate the works offered for sale. As a pastel portrait by Mary Cassatt, "Clarrissa, turned left, with her hand to her ear," became the first casualty at \$475,000, a European dealer sneered: "These people anticipate the rise they hope each picture will make from one sale to the next. If this is worth \$500,000 now, they will give it a \$700,000 estimate next time around."

Early on in the sale, one of the most beautiful flower still-lives by the artist's "Nu dans la baignoire," was sold for \$3,080,000. Minutes later another record was established for a picture in Cézanne's early Impressionist manner, long spurned by connoisseurs. "Dans la Vallée de l'Oise," done in 1873-74, soared to an astonishing \$5,060,000. The combination of the Goetz provenance, the numerous art books in which it is discussed and, not least, the current show of Cézanne's early work at the Musée d'Orsay in Paris, proved irresistible.

Such the same factors boosted an early Monet, "La Plage à Trouville," done in 1870 in sketchy touches and in a bright palette, not even Monet was spared. A view of the dam in Zaandam painted in 1871 was bought in at \$3 million, comparing with an improbable \$3.5 million to \$4.5 million estimate.

It took all of John Marion's auctioneering skills to contain the havoc. More than once, pictures were sold over the low estimate, in other words close to the reserve. Van Gogh's "Moissonneur," a small sketch of a standing harvester seen from the back sold for \$3.4 million, which is only one bid more than the low estimate — \$3 million plus the 10 percent premium.

At rare intervals, speculative gambles came off. Renoir's "Baigneuse," a woman in a red skirt seated by the riverside wiping one foot, exceeded

the record established last June at Sotheby's London by the artist's "Nu dans la baignoire." But none was so extraordinary as Picasso's \$24,750,000 "Maternité." The painting, done in 1901, is based on Renaissance Virgin and Child compositions. Immensely skillful, but rather sentimental, it is not really the painting one would have thought was going to set a record for the artist.

Having done so well on Monday, it seems a pity that Christie's should have repeated on Tuesday the miscalculations made by Sotheby's on Nov. 11. True, a few records were set. Boudin's Venetian view of La Salute seen from San Giorgio sold for \$935,000 and Signac's Saint-Tropez landscape dated 1892 rose to \$1.54 million. But there were also some nasty crashes caused by blatant overvaluation and correspondingly high reserves. The most spectacular accident affected an important Cubist work by Picasso, "Femme à la Mandoline,"

the sitter is almost reduced to abstraction. The estimate, available "on request," was \$7 million to \$10 million by the last account. The picture was the property of Hester Diamond, wife of the late Harold Diamond who sold privately in 20th-century art from his New York home until his death in 1982. If dealer sources are to be trusted, the picture had been offered to most potential buyers prior to the auction. This did not help. Its importance induced an Italian dealer to make a \$6.8 million bid. This did not match the reserve. The Picasso was bought in at \$7 million and negotiated privately the next day by Christie's at around that figure. If the auction house had intended to suggest that its "estimates" are mere bait dangled under the noses of potential buyers, rather than considered opinions, it could not have done a better job. At a moment when the market is still fevered an important Cubist work by Picasso, "Femme à la Mandoline," this is hardly a great idea.



Reconstruction of the First International Dada Fair, held in Berlin in 1920.

'Modern' In Berlin: A Fitting Finale

By David Galloway

BERLIN — For nearly two years Berlin has flexed its civic and cultural muscles — first, in celebration of its 750th birthday, then as European Cultural Capital for 1988. Among the events of a bright and varied schedule, the most misbegotten was the controversial "Sculpture Boulevard" that scattered works along the Kurtf

After such costly gaffes, a collective sigh of relief and delight has greeted the finale to Berlin's two-year cultural fête. But by any terms and in any context, "Stations of the Modern" is a curatorial triumph. It moves with streamlined grandeur through 20 historic German exhibitions, starting with the Brücke show of 1910 and ending with a re-creation of Gary Scham's pioneering "Video Gallery" of 1969.

For students of modernism, the show is a must. It assembles groups of works that have not been together since their initial showings but that have become the stuff of art history. Despite the inclusion of 360 sculptors and painters, most of the ensembles are "representative" rather than complete. Much of what was shown by the Brücke (1910) and the Blaue Reiter (1911) groups was later confiscated by the Nazis and either destroyed or auctioned. Just how widely the works were scattered is indicated by a list of lenders from 119 cities throughout the world.

The most authentic re-creation is that of the First International Dada Fair held in a private Berlin gallery in 1920. All but two of the originals could be borrowed or, in the case of posters, reproduced. That understandably tempted curators to simulate the original

crooked space in which the Dadaists composed their protest. The walls overflow with images, slogans, photographs and collages, while absurdist assemblages dangle from the ceiling.

Participants like George Grosz and Raoul Hausmann took their comedy with utter seriousness. Yet none of the participants or the 310 visitors who climbed the outside stairs to a room over the former post office were conscious of forging art history. Nor was the courageous gallery director, a specialist in Oriental antiquities, who made the space available. Repeatedly, "Stations of the Modern" documents how courageous private individuals gave modernism its most important forum.

Prior to the Berlin show, the Dadaists had staged a combination happening and exhibition (promptly closed by the police) in a Cologne brewery. The influential Brücke group made their first joint presentation (even earlier than the show documented in Berlin) in a lighting showroom in a Dresden suburb. And the First Russian Art Exhibition of 1922 was, like the Dada spectacular, hosted by a dealer who specialized in antiquities.

even though many were reviled or ignored in their own time. Each of the 20 "stations" in the Berlin itinerary reveals a bundling of political, social and aesthetic forces that were shaping the visual arts. Included, as well, is the tragic station "Entartete Kunst" — the Nazis' ruthless pillorying of "decadent" sculptors and painters. Ironically, with 20,000 visitors a day, it would prove the most popular show in the history of modernism. By way of contrast, Berlin's curators have included "The Great German Art Exhibition" that paralleled Munich's "Entartete Kunst" show of 1937; it was conceived as a celebration of "pure" Aryan culture. The stately-browed heroes and bosomy Brimhildes left little to be hoped from the Führer's ideals.

Inevitably, many of the postwar "stations of the modern" seem pockmarked by the scars of the Nazi Republic, the role of capitalists like Berlin and Munich is no longer so dominant. Information flows with increasing rapidity, and art-watchers are not so easily shocked or surprised. According to recent statistics, West Germany's museums draw a larger public than the national sport of football. The shock that greeted the 310 visitors to Berlin's revolutionary "Dada Fair"

now seems curiously, quaintly old-fashioned.

Of the nine postwar shows documented in Berlin, only one still radiates its legendary power. "Documenta 2," held in the summer of 1959, was a conscious attempt to reconnect Germans to the mainstream of 20th-century art. Hence, alongside the vigorous canvases of America's Abstract Expressionists hung works of artists banned by the Nazis. Among them were Kirchner, Klee, Kokoschka, Schwitters and Nolde. They all come together again in the splendid central hall of Berlin's Martin-Gropius-Bau.

Here the station-masters have also recreated the architecture of the original show — whitewashed brick walls with fluorescent lighting behind black planking. The architecture was a speedy, pragmatic solution to staging an art exhibition in Kassel's gutted museum, the Friederichsbau. But it was also, in its functional severity, a return to the Bauhaus aesthetic condemned by the Nazis. Even today, the improvised idiom wears well, and the cool, even light seems infinitely preferable to halogen hot-spots.

There are studies and disputes enough about the building of museums. Temporary presentation forms have had little attention. With its documentary recreations, Berlin gives at least a nudge in the right direction. "Stations of the Modern" is thus, in more than one sense, a show of shows.

The Pastoral Landscape

By John Russell

WASHINGTON — Secreted among the thunderous exhibitions in the National Gallery of Art in Washington, there is one that deserves our tender attention on two quite separate counts. The first is that instead of knocking us off our feet like Michelangelo (on view through Dec. 11) or Veronese (on view through Feb. 20), it consists primarily of European paintings, drawings and prints that are intimate in their appeal to us.

Of high drama, there is never a trace. Starring in Venice in the 16th century, under the angelic patronage of Giorgione, the two-part show ramifies this way and that through the intervening centuries until it ends in richness in the Phillips Collection with a huge and little-known Matisse, a painting by Braque of a bicycle in the rain in Normandy and a voluptuous evocation of a public garden in Naples by Howard Hodgkin.

"The Pastoral Landscape" is the general title of this consistently provocative exhibition, which is divided between the National Gallery of Art and the Phillips Collection and runs through Jan. 22.

Part I of the show, which is called "The Legacy of Venice," is in the National Gallery. Saturated as it is with Giorgionesque elements, "The Legacy of Venice" introduces us to what David Rosand, in one of the catalogue essays, calls a world of "pastoral inaction." It is a world at one with itself, in which nothing untoward ever seems to occur.

Well-favored people sit around, talking, singing, playing unamplified musical instruments, studying a map of the heavens, minding their own business and giving no trouble to others. If there is a boat here and there, he doesn't pull rank.

When we come to "the modern world" at the Phillips Collection, the delicate persistent sensitivity of Duncan Phillips is quick to assert itself. This is partly because of the paintings by Corot, Pissarro, Cézanne and K.K. Rousset that came to the collection in his lifetime.

the rather more than half-size copy of it that was made in the Louvre more than 150 years ago by William Etty. Rich, hot and ripe, it makes an arresting effect at the Phillips.

In terms of pictorial quality the Phillips show picks up both weight and substance when it arrives at Cézanne, Bonnard and Matisse. (Henri Rousseau's "Happy Quartet" is a delicious after-echo — undoubtedly unintended — of Venetian Arcadia.)

"Stations of the Modern," Martin-Gropius-Bau (Stresemann Str. 110), West Berlin, to Jan. 8.

David Galloway is a writer and professor based in West Germany.

INTERNATIONAL ART EXHIBITIONS

PARIS GALERIE CHARDIN 36, rue de Seine 75006 PARIS - Tel.: (1) 42 36 99 38 JAMES F. MUELLER Until December 3rd

PARIS SALON D'AUTOMNE TRÉSORS D'ART DE LA CÔTE D'AZUR Until November 27th GRAND PALAIS - PARIS

PARIS GALERIE MARION MEYER 15, Rue Guénégaud, 75006 Paris. Tel.: 46 33 04 38. MARCEL DUCHAMP - MAN RAY Exhibition November 26th to December 26th

PARIS MASTER WORKS IMPRESSIONIST AND MODERN November 10th - December 24th daniel malingue 26, Avenue Maignon 75008 Paris-Tel.: 42.66.60.33.

NEW YORK COLNAGHI ESTABLISHED 1862 GOTHIC TO RENAISSANCE European Painting 1300-1600 November 23-January 28, 1989 Fully illustrated color catalog \$35 21 East 67th St. New York, NY 10021 Tel: 212-772 2266

LONDON An Exhibition of Two Scottish Colourists Peepoe and Cadell 24 November - 16 December Monday-Friday 10 a.m.-5 p.m. The Lefevre Gallery 30 Bruton Street, London W1 Tel: 01-493 2107 Fax: 01-499 8088

PARIS WALLY FINDLAY New York - Chicago Palm Beach - Paris 2, av. Montaigne 48, av. de la Grande Armée, 75008 Paris Tel.: (1) 42-25-70-74

PARIS GUILLEMARD "Un art de vivre" 8 NOVEMBER 3 DECEMBER

PARIS Denise René presents Art construit Lumière Mouvement Vernissage Tuesday, 22 November at 6 p.m. Galerie de la Défense Art 4 15, place de la Défense, la Défense 4

PARIS CI. MARUMO Expert près la Cour d'Appel de Paris BUYS & SELLS 19th & 20th Century Paintings GALLERY 243 Rue St.-Honoré (Pl. Vendôme) 75001 Paris Tel.: 42 60 08 66 Fax: 40 15 96 04

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Tuesday, December 13 at DROUOT-RICHELIEU Room 4 at 2 p.m. FURNITURE by MAJORELLE. GLASSWARE by GALLÉ. GOLF TROPHIES by Jean-E. PUIFORCAT 18th CENTURY FURNITURE & OBJETS D'ART including rare Louis-XVI "Pendule squelette". Maître DUMOUSSET 14, rue de la Grange-Batelière 75009 PARIS - Tel: (331) 47 70 84 03

SALES BY AUCTION SATURDAY, DECEMBER 3, 1988, 2 p.m. VIEWING NOV. 26 - DEC. 2, 10 a.m.-8 p.m. CONTEMPORARY ART PHOTOGRAPHY RUDOLF MANGISCH GALERIE UND AUKTIONSHAUS SEELSTR. 21, 8008 ZÜRICH TEL.: 01 55 50 33. FAX: 01 55 36 41. "ART EXHIBITIONS" "ANTIQUES" "AUCTION SALES" appear on Saturday For more information, please contact your nearest I.H.T. representative or Brooke Pillely, 181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. Tel.: 46-37-93.00. Telex: 613595

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Canadian Will Pay Either Way By William P... PARIS — The Canadian... party differences is... should have reached... States. Implicit is a... Canadian national... society in the future... The economic argu... trade agreement, de... Minister Brian Mulro... party differences is... should have reached... States. Implicit is a... Canadian national... society in the future... The economic argu... trade agreement, de... Minister Brian Mulro... party differences is... should have reached... States. Implicit is a... Canadian national... society in the future... The economic argu... trade agreement, de... Minister Brian Mulro...

NYSE Most Actives table with columns for stock symbols, volume, and price changes.

Market Sales table showing volume and value for various market segments.

NYSE Index table showing Composite, Industrials, and Utilities indices.

Friday's NYSE Closing logo and text: 'Via The Associated Press'.

AMEX Diary table listing stock symbols and their price movements.

NASDAQ Index table showing Composite, Industrial, and Financial indices.

AMEX Most Actives table listing top trading stocks on the AMEX.

Dow Jones Bond Averages table showing yields for various bond categories.

NYSE Diary table listing stock symbols and their price changes.

Odd-Lot Trading In N.Y. table showing volume and price for odd-lot trades.

Dow Jones Averages table showing Industrial, Transportation, and Utility averages.

Standard & Poor's Index table showing Industrial, Financial, and Utility indices.

NASDAQ Diary table listing stock symbols and their price movements.

AMEX Stock Index table showing High, Low, Close, and Change.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Large table of stock prices and changes, organized by sector and company.

N.Y. Stocks Post Small Gain

NEW YORK — Prices on the New York Stock Exchange struggled to post modest gains in light trading Friday, encouraged by hopes for a steadier dollar in foreign exchange. The Dow Jones industrial average rose 9.96 points to 2,062.41, trimming its loss for the week to 4.62 points. Advancing issues outnumbered declines by about a 2-2 margin. Trading volume came to 119.32 million shares, down from 141.28 million in the previous session. Nationwide, consolidated volume in NYSE-listed issues, including trades in those stocks on regional exchanges and in the over-the-counter market, totaled 141.91 million shares. The U.S. currency rose on repeated intervention Thursday and again Friday by central banks of the major industrialized countries to support the stamping dollar. "The dollar has stabilized now, thanks to the central banks," said Hildegard Zagorin, a market analyst with Prudential-Bache Securities Inc. "But the market wants something to worry about." "We expect the next few days to be weak, but the next two to five weeks should be unsettling," said Don R. Hays, director of investment strategy at Wheat, First Securities in Richmond, Virginia. He predicted that the dollar would not weaken much further, but noted that short-term interest rates would probably remain relatively high through Christmas to discourage consumer spending. "People are sensitive right now," Mr. Hays said, but once investor fear leads the market to the bottom of this year's trading spectrum, "concern about the dollar and interest rates should ease and we will attract more buyers." But analysts said many traders were waiting to see whether the dollar could manage a sustained period of recovery on its own. They also said market participants still had many misgivings about the outlook for interest rates. A Treasury auction of 30-year bonds on Thursday met with a relatively cool response. RJR Nabisco rose 1/4 to 83 1/2 and led the active list on volume of more than 4.2 million shares. The company was due to receive formal offers by late Friday from competing groups seeking to take over the food and tobacco giant. General Electric, which raised its quarterly dividend from 35 cents a share to 41 cents a share, climbed 1/4 to 43 1/2. Hewlett-Packard rose 1/4 to 48 1/2. On Thursday the company reported that its earnings for the fourth fiscal quarter ended Oct. 31 increased to \$1.03 a share from 85 cents a share a year earlier. Other gainers among blue chip stocks included Exxon, up 1/4 at 42 1/2; American Telephone & Telegraph, up 1/4 at 27 1/2; International Business Machines, up 1/4 at 115 1/2; and Coca-Cola, up 1/4 at 42. Veeco Instruments added 1/4 to 25 1/2 on top of a 1 1/2 point gain Thursday, when the company agreed to be acquired by Unitech PLC for \$26.50 a share. The NYSE's composite index of all its listed common stocks added .94 point to 150.18.

Table of stock prices and changes, continuing from the left side.

Table of stock prices and changes, continuing from the left side.

Table of stock prices and changes, continuing from the left side.

Floating-Rate Notes table listing various financial instruments and their rates.

Table of international exchange rates for Pounds Sterling, Deutsche Marks, and Japanese Yen.

Table of international exchange rates for E.C.U. and other currencies.

Table of international exchange rates for various currencies and commodities.

Handwritten text at the bottom of the page: 'سكزانت الاصل'.

Vol.	High	Low	Close
AMEX Most Active			
AMEX Stock Index			

Triumphs in TV technology

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SATURDAY-SUNDAY, NOVEMBER 19-20, 1988

ECONOMIC SCENE

Can Bush's Pragmatists Ease Market's Anxieties?

By LEONARD SILK
New York Times Service

NEW YORK — President-elect George Bush tried this week to quell anxieties in the stock, bond and foreign-exchange markets. But the markets remained disconsolate and refused to let him enjoy his Florida vacation. As the dollar slid and stocks and bonds fell, Mr. Bush emerged from the waves to say that he would continue to pursue "policy coordination and exchange-rate stability."

Mr. Bush also sought to reassure the markets by naming Treasury Secretary Nicholas F. Brady, the current treasury secretary who came from Wall Street and headed the study of last October's stock market plunge, as his own Treasury secretary. The choice was seen as further proof that the Bush administration would be "pragmatic."

The president-elect had already made that point in choosing James A. Baker 3d, his campaign manager and a former Treasury secretary, as his secretary of state. Mr. Baker, widely regarded as the ultimate pragmatist, turned dollar policy around, and around again, as circumstances required. Mr. Baker's former deputy at the Treasury, Richard G. Darman, an imaginative and economically literate former professor at Harvard Business School, is expected to be named director of the Office of Management and Budget.

The chairman of President Bush's Council of Economic Advisers is likely to be Michael J. Boskin, a professor at Stanford University who advised Mr. Bush during the campaign. He is regarded by fellow economists as competent and pragmatic. With this sort of pragmatic economic team taking shape, why are the markets so jittery? Don't they like pragmatism? Are they worried that pragmatism may be a useful tool for dealing with short-term problems — certainly better than ideological rigidity — but that it offers few assurances about the will and vision to pursue a long-term, and politically difficult, course needed to solve the nation's fundamental economic problems?

It was, after all, the failure of some of the same players to follow such a course that produced the nation's chronic budget and trade problems during the last eight years.

AN EARLY TEST will come with the budget for fiscal year 1990, which is to be submitted by Mr. Reagan in January and amended by Mr. Bush in March. Under the Gramm-Rudman Act, the deficit is supposed to come down to \$100 billion in 1990, which will require cuts or tax increases of \$40 billion to \$50 billion.

This week the markets were worrying not only about Mr. Bush's budgetary policy, and how he will escape from his no-tax-increase pledge, but also about monetary policy. There were fears that the economy is heating up, prompting concern about inflation, tighter money and rising interest rates.

Steven Axilrod, the vice chairman of Nikko Securities in the United States and the onetime chief economic adviser to the former Federal Reserve chairman, Paul A. Volcker, says the U.S. inflation rate could easily increase to 5 or 6 percent next year from its current range of 4 to 5 percent.

The Fed, now under the conservative direction of Alan Greenspan, is likely to adopt a more restrictive monetary policy, to head off higher inflation and defend the dollar, as Mr. Bush insists will be done. That means higher interest rates — and that is what is spooking the stock and bond markets.

Higher rates would also raise anxieties about recession and the fragile U.S. and international debt structure. Such rates would also pose new threats to the American banks that hold Third World paper, to troubled U.S. savings and loan institutions, and to the increasing number of highly leveraged corporations.

Currency Rates

Currency	Per \$	Per 100	Per 100	Per 100	Per 100
London	1.81	181	181	181	181
Paris	6.54	654	654	654	654
West Germany	1.78	178	178	178	178

Interest Rates

Term	Rate	Term	Rate
1 month	8 1/4%	1 year	9 1/4%
3 months	8 3/4%	2 years	9 3/4%

Secret Meeting Led to Massed Dollar Support, Officials Say

By Peter T. Kilborn
New York Times Service

WASHINGTON — Treasury Secretary Nicholas F. Brady and leaders of the major industrial democracies laid plans to enforce their stable dollar policy at a secret meeting on Monday in Paris, according to a Treasury official and officials of two other countries who declined to be named.

The meeting at the Louvre Palace offices of the French Finance Ministry resulted in Thursday's multilateral agreement on the currency markets that checked the dollar's latest decline, to its lowest level against the yen since World War II.

Starting in Asia and sweeping westward as currency markets opened, the central banks of 10 or more countries, including the U.S. Federal Reserve, bought dollars in heavy volume. The Bank of Japan was estimated to have bought at least \$500 million; some estimates put the total buying by central banks at about \$1 billion.

"Those interventions were not at random," said an official of a European finance ministry who insisted that he not be further identified. "They were the result of talks that have taken place."

The U.S. Treasury official said the secret meeting had been planned weeks ago, before the recent turmoil in the markets. He said the countries involved thought it essential to meet after the U.S. election to establish whether the administration of President-elect George Bush remained in agreement with the policies established by the Reagan administration.

Mr. Bush's election meant that the policies would continue, the Treasury official said. The decision to meet "was based on general concerns," the official said. "It was not the result of one day's market action on Friday."

Last Friday, the dollar plunged amid speculation, in the absence of comments to the contrary, that Mr. Bush would want a lower dollar to help reduce the U.S. trade deficit.

On Sunday and Monday, top Bush advisers, and ultimately Mr. Brady and Mr. Bush, said that they were not seeking a cheaper dollar and that the seven-nation cooperative policy, to keep the dollar stable, remained intact.

But except for the words from the Bush camp, there was little evidence that other countries — with the exception of Japan — remained committed to the policy. The United States coordinates economic policy within the Group of Seven, whose other members include Japan, West Germany, Britain, France, Canada and Italy.

The acknowledgment Thursday of the meeting in Paris, as well as the market intervention of West Germany — which by its absence from the markets had raised doubts about its support of the monetary policy — appears to have removed doubts that for now, the nations want a stable dollar.

Officials said there had been no change in the ranges within which the countries had agreed to hold the dollar. Those ranges have never been disclosed, but they are generally assumed to be 120 to 140 yen and 1.60 to 1.90 Deutsche marks.

Officials would not name all the participants or the nations represented at the meeting Monday. But they said the participants included the top international policy experts of three key finance ministries: Assistant U.S. Treasury Secretary David C. Muller; Hans Tietmeyer, the West German state secretary for finance; and Toyoo Gyoten, a Japanese deputy minister for finance.

In addition to those three and a French deputy, whose presence at the meeting was assumed, West German Finance Minister Gerhard Stoltenberg was in Bonn at the time for talks with French officials, including Finance Minister Pierre Bérégovoy and his predecessor, Edouard Balladur.

Officials familiar with the meeting said the senior ministers did not sit in. A spokesman for Mr. Stoltenberg in Bonn said the finance ministries had been conferring "all the last days," but he said the minister's trip to Paris "was only a private visit." Beyond meeting the French finance officials, "the visited museums," the spokesman said.

West Germany's participation in Thursday's market intervention was significant evidence of a multilateral accord to bolster the dollar. Until Thursday, See MEETING, Page 12

See MEETING, Page 12

Market Sees New RJR Bids

Stock Price Rises Before Deadline

Compiled in Our Staff From Dispatches

NEW YORK — The stock price of RJR Nabisco Inc. rose Friday afternoon in anticipation of higher offers by the two major bidders for the food and tobacco giant.

The deadline for bids was 5 P.M. Friday. On the New York Stock Exchange, RJR Nabisco was the most active issue. The stock closed \$7.5 cents higher at \$83.625.

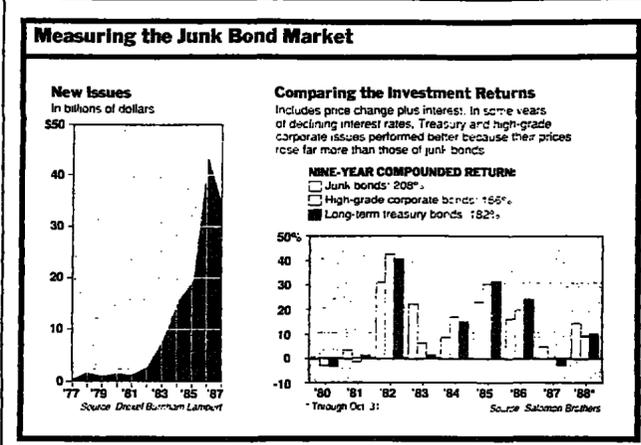
Sources close to the situation said each of the two groups that has already bid more than \$20 billion for RJR Nabisco was moving forward with new offers. "Everyone's moving ahead," said one source.

A management group led by F. Ross Johnson, RJR Nabisco's chief executive officer, was likely to bid for just the tobacco interests of RJR Nabisco, not the whole company, according to people with knowledge of the situation. The group has already offered \$20.9 billion for the conglomerate.

A special board committee running the auction said earlier that it might sell off the company's food businesses and encouraged bidders to consider offers for just the tobacco operations.

The second known bidder, Kohlberg, Kravis, Roberts & Co., was likely to present a new, overall bid for RJR Nabisco, but a substantial portion of that would be in securities worth considerably less than their face value, the sources said. Kohlberg, Kravis previously offered \$20.3 billion.

Because the new offers may not be directly comparable, making a choice could be difficult. The price of RJR stock tumbled more than \$5 a share Thursday morning, to \$79, as traders reacted to unsubstantiated rumors that Kohlberg, Kravis was dropping out of the auction. (NYT, Reuters)



Junk Bonds Retain Their Appeal

But How Many of the Securities Can Market Absorb?

By Michael Quint
New York Times Service

NEW YORK — Pessimists call them "speculative-grade" bonds. Optimists prefer the term "high-yield" bonds.

But everyone knows them as "junk" — risky bonds that pay high rates of interest — a fast-growing segment of the bond market that has played a crucial role in the wave of corporate takeovers and reorganizations of the past few years.

The deluge of recent acquisitions and offers, financed in part by junk bonds, has raised the question of how much in new junk bonds the market can absorb.

Already, about \$10 billion of new issues is expected over the next few months. That amount could increase sharply with agreement on pending takeover offers, such as the one for RJR Nabisco, which could use more than \$3 billion of junk bonds to help finance a transaction valued at more than \$20 billion.

So far, there are no clear signs that the investors' appetite for junk bonds is waning. The spread between the yields on such bonds and Treasury issues has increased by about half a percentage point over the past few months, often a sign of weak demand. But securities dealers said that was a temporary development caused by heavy supply, not a crisis of faith.

Ronald Yersak, senior vice president at Drexel Burnham Lambert, said that "two or three years ago, when the universe of investors was smaller, this amount of supply might have been a problem."

But now, he said, the rise in junk bond yields relative to Treasury issues is merely a sign that investors are being more selective. "Investors are in a good position to stand on the sidelines with their cash and wait for the ones they want," he said.

In early November, for example, Federated Department Stores had to offer 16 percent and 17 percent interest rates on new bonds totaling more than \$1 billion. Those rates were more than a percentage point higher than levels contemplated earlier this year, but they were needed to entice investors who worried about weakening sales at department stores and the fact that Campeau Corp., which recently acquired Federated, already had a full plate of debt from last year's acquisition of Allied Stores.

Looking ahead, securities dealers see financing of the RJR Nabisco takeover as a watershed event that should help give the junk bond market more legitimacy in the eyes of investors and corporate executives.

The record size of an RJR Nabisco junk bond issue would require an extra high yield, but those involved are confident that investors would be See JUNK, Page 11

Inflation Rate Rose Last Month To 6.4% in U.K.

Compiled in Our Staff From Dispatches

LONDON — British retail-price inflation bulged to an annual rate of 6.4 percent in October, up sharply from 5.9 percent in September and the highest level in more than three years, the government said Friday.

The Department of Employment said the retail price index was driven up in October largely by rises in mortgage interest rates, which reflect steep rises in British interest rates generally as the government attempts to pinch off an inflationary consumer spending boom.

Friday's figures put British inflation well ahead of price rises among major Western trading rivals. Inflation in West Germany is running at 1.3 percent; in the United States, at 4.5 percent; and in Japan, at 0.6 percent.

But inflationary fears in financial markets — the stock market barely moved after the inflation figures were announced — were eased by evidence of a slowdown in the consumer boom.

Employment Secretary Norman Fowler said that the index excluding mortgage interest payments rose 5.1 percent in the year to October, compared with an annual rate of 5.2 percent in September.

Another official report on Friday showed a decline in the rate of increase in private borrowing, which was up by \$540 million (\$983.1 million) in October, after £1.6 billion growth in each of the past three months.

The boom has both added to inflation and sucked in imports, creating a trade deficit expected to reach £13 billion this year. Inflation stood at around 4 percent early this year and last exceeded October's levels in July 1985, when it registered 6.9 percent.

Chancellor of the Exchequer Nigel Lawson said in a recent speech that he considered the battle against inflation his top priority. He predicted price rises would peak at over 6 percent and decline next year.

Mr. Lawson also said that interest rates would remain high for the next year. Bank lending rates have risen from 7.5 percent in the summer to 12 percent now. (Reuters, AP)

OPEC Members Struggle For Output Accord

The Associated Press

NEW YORK — Oil futures prices ended mixed in choppy trading Friday as members of the Organization of Petroleum Exporting Countries continued to meet informally in hopes of ending a deadlock in output talks.

Market watchers said they were not optimistic that the gatherings this week in Vienna would help eliminate the worldwide oil glut.

The price of West Texas Intermediate for December delivery rose 51 cents to \$13.80 a barrel on the New York Mercantile Exchange. But North Sea Brent for delivery in December fell 38 cents to \$11.97, and the price for Dubai Light slipped 28 cents a barrel to \$9.45.

"There's a growing sentiment that OPEC is having a difficult time getting their act together," said Peter Beutel, an energy analyst.

Talks reportedly were deadlocked Friday as Iran and Iraq disagreed on output.

Eastern Unions Seek to Block Sale

United Press International

WASHINGTON — Eastern Airlines unions filed a motion in federal court Friday seeking to prevent the airline from selling its profitable shuttle operations to the New York developer, Donald Trump.

The suit is another volley in a long-standing legal battle between the Airline Pilots Association, the International Association of Machinists, the Transport Workers of America and Frank J. Lorenzo, chairman of Texas Air Corp., which owns Eastern and Continental Airlines.

The unions contended that the sale of the shuttle, which flies between Boston, New York and Washington, violates federal labor law because it constitutes a substantial change in the company's operations at a time when two of the unions — those representing pilots and machinists — are in contract negotiations.

Financially ailing Eastern announced the \$365 million cash sale of the profitable shuttle operations to Mr. Trump last month, but the sale has not yet been completed. The unions contended that Mr. Lorenzo is attempting gradually to eliminate unionized Eastern in favor of nonunionized Continental.

"It is obvious that the Texas Air management at Eastern has no interest in preserving Eastern as a major force in the aviation industry," said Captain Jack Bevis, a pilots' union leader at Eastern. "They've done nothing but squeeze out assets over the last two years."

The unions made the motion to block the sale as part of an existing suit filed in federal court last summer regarding Eastern's planned layoff of 4,000 workers and dropping of 200 flights, including closing its Kansas City hub in September.

In August, Federal District Judge Barrington Parker accepted the unions' argument that the layoffs violated the Railway Labor Act, which covers airline workers, and issued a preliminary injunction barring the layoffs.

United to Retain Route to Tokyo

Reuters

WASHINGTON — The U.S. Transportation Department said it gave United Airlines permission to retain the Seattle-Tokyo route, reversing its earlier decision to give the lucrative route to Continental Airlines.

Continental and American Airlines, a unit of AMR Corp., had sought the route and both applied to have United's agreement canceled.

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Paris (12.5 Kilo)	421.5	421.5	—
Zurich	419.5	419.5	—
London	417.5	417.5	—
New York	—	418.0	—

Luxembourg, Paris and London official fixings. Hong Kong and Zurich opening and closing rates. New York spot market close. All prices in U.S. \$ per ounce.
Source: Reuters.

Friday's NYSE Closing

Tables include the net volume prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table of NYSE stock prices including columns for High, Low, Open, Close, and Change. Includes sub-sections for 'Continued' and 'High Low Stock'.

Table of international stock prices with columns for High, Low, Open, Close, and Change. Includes sub-sections for 'High Low Stock' and 'High Low Stock'.

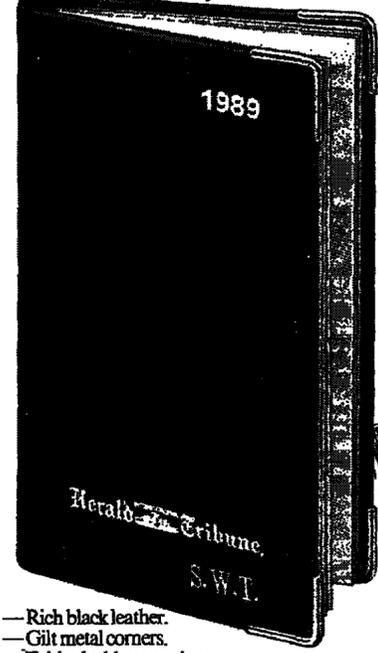
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November 18, 1988

Large table of international fund advertisements listing various fund names, managers, and performance metrics.

Table of international fund advertisements listing various fund names, managers, and performance metrics.

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Handwritten text at the bottom of the page: 'سكزانت الاصل'

BUSINESS ROUNDUP

BGas Loss Triples to £107 Million

LONDON — British Gas PLC said Friday that its pre-tax loss in the first half of the financial year had more than tripled to £107 million (\$194.8 million) on a current-cost basis because of weaker oil prices.

half fell to £28 million from £111 million. Net loss on a current-cost basis was £117 million, compared with £71 million. On an historical cost basis, net profit tumbled to £18 million from £71 million. Net interest rose to £43 million from £34 million.

Market sources said British Gas always had been primarily interested in acquiring Lasso, rather than Enterprise. The failure of the British Gas raid on Lasso frustrated those plans.

Trading Heavy in Nestlé After Decision on Stock

ZURICH — Nestlé SA's stock experienced sharp price movements Friday in hectic trading on the Zurich Stock Exchange after the company ended discrimination against foreign stockholders.

Testing Hong Kong's Credibility

Telecommunications Offering to Measure Confidence

By Floyd Norris New York Times Staff Writer NEW YORK — When the bulls were running in the months preceding last year's collapse in global equities, none were more boisterous than those in Hong Kong.

alism assured through at least the year 2047, but there are those who doubt such promises can really bind a future Chinese government.

listing shares during the bull market. Those charges are pending. The Hong Kong government had kept its hands off the stock exchange, but since the crash it has taken a much more active role.

Kann Named As Publisher At The Journal

The Associated Press NEW YORK — Peter R. Kann, who won a Pulitzer Prize for international reporting and was the founding editor and publisher of The Asian Wall Street Journal, has been named publisher of The Wall Street Journal effective Jan. 1.

JUNK: How Many of the High-Yield Securities Can the Market Absorb?

(Continued from first finance page) attracted by the steady sales and value of the company's divisions.

overs could not go forward without junk bond financing. Junk bonds provide the additional funds that enable a buyer to offer a price high enough to persuade a company's shareholders to sell.

The willingness of a blue-chip company like RJR Nabisco to go deeply into debt is helping convince other corporations that heavy borrowing and the sale of junk bonds can be a reasonable corporate strategy, not a sign of weakness.

As securities firms sell more bonds, however, it seems that more investors are accepting the risk of loss, in exchange for high yields.

EC Advances Toward New Mergers Policy

BRUSSELS — European Community trade ministers moved closer on Friday to giving the executive Commission powers to consider in advance, or possibly block, major company mergers that are changing the European business landscape.

But diplomats said Britain, West Germany and France were insisting that the size of merger in which the Commission would be able to intervene should be raised so that fewer would be decided by Brussels and more by national bodies.

The Commission now has powers to block or force changes in company mergers only after they have taken place.

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Friday's NYSE Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Includes columns for 12 Month High/Low, Div., Yld., PE, and Close.

Mediobanca Sale Price Is 19,150 Lire a Share

MILAN — The public offering of 13.3 percent of Mediobanca SpA, the Italian state-controlled merchant bank, has been priced at 19,150 lire (\$14.79) a share, Mediobanca said Friday.

The offering is of 27,126,440 shares held by Banca Commerciale Italiana, Credito Italiano and Banco di Roma. Up to 40 percent of the share offer will be reserved for existing shareholders of the three banks.

Company Results

Table showing company results for various firms including British Telecom, Campbell Soup, Hewlett-Packard, Plessey, Royal Insurance, Lonrho Drug Stores, Suez, M.D.C. Holdings, and Westvaco.

CURRENCY MARKETS

DOLLAR: Bears Battling Against the Central Banks

(Continued from page 1)

moving on to fill other areas in his administration. "We're going to flesh out the economic side of the house and then start working on national security," Mr. Bush said.

His designated chief-of-staff, John H. Sununu, said in a television interview that the quick selection of advisers should assure financial markets that Mr. Bush will provide strong leadership on cutting the U.S. budget deficit.

Concern over the huge U.S. budget and trade deficits and about the incoming administration's ability to deal with them quickly has been the major factor behind the dollar's steep decline since the U.S. presidential election last week.

Mr. Brady said he was not concerned about the weakness of the dollar.

"I don't see anything in the figures right now that would indicate that interest rates are going to rise," Mr. Brady said on NBC's "Today" program.

Mr. Brady also said that con-

London Dollar Rates

Table with columns: Closing, Fri., Thu., and various currency rates.

cerns in the financial markets about the resolve of Mr. Bush to deal with the budget deficit were "overblown."

Higher interest rates in the United States would increase the dollar's investment attractiveness. Markets were therefore briefly unsettled by Mr. Brady's comments.

But the currency was buoyed later by remarks from the House speaker, Representative Jim Wright, a Democrat from Texas, that Mr. Bush was prepared to take serious action on the budget deficit. After a meeting with the president-elect, Mr. Wright said "he is prepared to do what is necessary."

In spite of the stability brought about by central bank support, sev-

eral economists remained skeptical that it could last.

Some economists said total purchases by central banks, including those of the United States, Japan, West Germany, Britain, France, Italy and Switzerland, were between \$2 and \$3 billion on Thursday and Friday combined.

The dollar rose to 1.4600 Swiss francs at the close, from 1.4468 at Thursday's close, and to 5.9390 French francs from 5.8890. The dollar also firmed against the British pound, which fell to \$1.8155 from \$1.8280.

In London earlier, the dollar closed mostly firmer. The central banks' operations boosted it, but momentum later fizzled out and some of the gains were erased in thin conditions, they added.

The dollar eased to 122.65 yen from 122.70 at Thursday's close, but it advanced to 1.7350 DM from 1.7295 DM. The dollar also advanced to 1.4585 Swiss francs from 1.4505, while the pound eased to \$1.8160 from \$1.8205.



PRETTY PLEASE — David Stewart, a British currency trader, gesturing Friday to a colleague at a Tokyo foreign-exchange dealer's office. The dollar strengthened from lows Thursday.

Tokyo Firms Shun Index Arbitrage Opportunities in Japan Are Left for Foreign Companies

TOKYO — Japanese securities firms remain reluctant to arbitrage between stock index futures and cash stocks since index futures trading started in Japan in September, traders said Friday, leaving the field to foreign companies.

"I don't really understand why Japanese firms hesitate to arbitrage even when the spread between futures and the cash index seems wide enough for profit," said Louis Tseng, vice president of international trading at Goldman Sachs (Japan) Corp.

"Foreign firms never fail to arbitrage when premium or discount spreads reach a certain level, 400 points or so for the Nikkei-225," said a trader at a Japanese firm, referring to a key Tokyo market index.

"Unnatural movement in the cash index tells us foreign firms are arbitrage," the trader said. "We hardly do it."

Japanese futures traders are willing to arbitrage, but industry regulations discourage them from stepping into the cash stock market, Japanese traders said.

"I usually can't do anything but watch our computer program flash the arbitrage 'go' sign," said Kazuo Maruyama, manager of futures trading at Tokyo Securities.

Foreign securities firms, especially U.S. firms such as Salomon Brothers Asia, Morgan Stanley, Smith Barney and Goldman Sachs, are frequent arbitrageurs, traders at Japanese firms said. Foreign firms have more expertise in futures arbitrage, but have little involvement in cash stocks in Japan.

Foreign firms lack understanding of the Japanese market and find it difficult to break down Japanese customer loyalty to Japanese securities firms, traders said.

They said arbitrage deals done by foreign firms have affected the Nikkei-225 index by tens of points

at a time, and by as much as 100 points on some occasions.

Securities firms cannot buy finance-related stocks through their own accounts; they can only accept orders from outside investors.

Finance-related stocks are those companies that have announced new financings through issues of convertibles, warrant bonds or shares.

Several Japanese securities firms Japanese traders said the rule, finance stocks should be re-evaluated ahead of the introduction of stock index options in Japan next spring and the listing of Japan's two futures exchanges on Chicago's futures exchanges next year.

"Active arbitrage by Japan's futures is necessary if the futures changes here are to be healthy, cause open positions are at a low level in the current speculative dominated market," said Kazuo Kawasaki, manager at Kokusai Securities.

Others doubted the finance-related rule would be abolished without Japanese securities firms' agreement. Even if the rule were changed, Japanese firms would not train floor traders in arbitrage before the start of fully computerized trading of cash stocks on Japan's exchanges, which is likely to be more than two years away.

He added, "Without futures options it's difficult for foreign firms to survive because the cash market seems closed to them."

Herald Tribune Reaching More Than a Third of a Million Readers in 164 Countries Around the World.

Dollar Seen at 1.70 DM

BONN — The dollar is expected to trade at an average 1.70 Deutsche marks in 1989 and the West German currency will be slightly revalued in the event of a European Monetary System realignment, an economic report said Friday.

The report, by five independent university professors, said that international trade imbalances suggested several exchange rates may have to be adjusted next year.

"This is valid for the exchange rates of every deficit country whose currencies fluctuate freely, but also for some currencies within the EMS whose rates are not adapted," it said, adding that exchange rate adjustments would not necessarily be big.

The professors, dubbed the "five wise men," also said West Germany's economy should grow by about 3.5 percent this year and about 2.5 percent in 1989, but that expansion would fail to reduce the number of unemployed in the country.

The report said that 200,000 new jobs would be created in 1989, compared to 175,000 this year.

MEETING: Secret Talks Led to Heavy Dollar Buying

(Continued from first finance page) only the Bank of Japan had been trying to stabilize the dollar with much force.

Beyond the agreement to make a show of force in the markets at an opportune moment, officials would not disclose what they, or finance ministers, had discussed before the Paris meeting.

The most important question, said John Williamson, economist at the Institute for International Economics in Washington, is whether the U.S. administration was assured of its allies' unconditional support for a stable dollar. "They might have asked for a guarantee that he do something real about the budget," Mr. Williamson added, referring to the huge deficit Mr. Bush faces.

Extraordinary steps were taken to camouflage the Louvre meeting, apparently for fear of fanning speculation in the markets. Rumors swept through Paris on Monday that a meeting was being held following news of Mr. Stoltenberg's visit and a disclosure in Washington Saturday that Mr. Mulford had left for Paris on Friday.

Also, a meeting not connected with currency issues was under way at the same time at the 24-nation Organization for Economic Cooperation and Development.

Friday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume. It is updated twice a year. Via The Associated Press.

Large table of stock prices under the heading 'Friday's OTC Prices'. Columns include stock symbols, prices, and changes.

Table of stock prices with columns: 12 Month High, Low, Stock, Div. Yld. PE, High, Low, 4 P.M. Close.

Table of stock prices with columns: 12 Month High, Low, Stock, Div. Yld. PE, High, Low, 4 P.M. Close.

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Table of stock prices with columns: 12 Month High, Low, Stock, Div. Yld. PE, High, Low, 4 P.M. Close.

Friday's AMEX Closing. Tables include the marketwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table of stock prices with columns: 12 Month High, Low, Stock, Div. Yld. PE, High, Low, 4 P.M. Close.

Table of stock prices with columns: 12 Month High, Low, Stock, Div. Yld. PE, High, Low, 4 P.M. Close.

Table of stock prices with columns: 12 Month High, Low, Stock, Div. Yld. PE, High, Low, 4 P.M. Close.

Table of stock prices with columns: 12 Month High, Low, Stock, Div. Yld. PE, High, Low, 4 P.M. Close.

Table of stock prices with columns: 12 Month High, Low, Stock, Div. Yld. PE, High, Low, 4 P.M. Close.

مكتبة الأهل

SAFIRE IN THE HEART EVERY MONDAY — IN DEFENSE OF THE ENGLISH LANGUAGE AND ITS PROPER USAGE

National Banks, International Interests

THIS year marks the 20th anniversary of the founding of the National Bank of Abu Dhabi, one of the leading banks in the United Arab Emirates. "We are doing fine," says His Excellency Mohammed Habroush, chairman of NBAD, reflecting the views of most of the banks in the city. "We will be doing a little better this year. We are a very conservative and cautious bank," he adds.

In 1987 the bank had an operating profit of more than DH 95 million



His Excellency Sheikh Mohammed Habroush, chairman of the NBAD and managing director of the ADIA.

(\$31 million), slightly less than the previous year, due to a reduction in profits from foreign exchange dealings. Domestically there was a significant improvement in net profits before provisions for non-performing loans of DH 58 million, compared to a marginal income of only DH 5 million in 1986.

The management states in its annual report that because of increased international competition and reduced economic activity in the Gulf region, it had "taken a decision to substantially increase its level of provisions both for doubtful debts and for loans made to developing countries which continue to be serviced."

Even so, the board expects to make substantially higher net profits by the end of this year.

"Things are definitely on the up and up, but there is still some concern about the oil price," comments a manager. Some revival of commercial activity is seen, particularly in real estate.

Foreign-exchange activities have been increasing. The bank is handling an average of \$400 million to \$500 million a day on the spot market, and is one of the largest dealers in the region. The NBAD has 12 traders plus a chief dealer. As part of its objectives this year, the bank is continuing its arabization policy by hiring and training more nationals.

Abu Dhabi Commercial Bank also has an extensive program of training nationals. "It used to be a problem, but now we are able to find more recruits," comments Sultan N. al-Suwaidi, managing director and chief executive officer. He, too, is optimistic about the future, but not just because of the Gulf War cease-fire. "We are expecting to see more trade-related business, more LCs, and more project financing. Business has begun moving again here and the situation is generally improving," says Mr. al-Suwaidi.

The bank, which has a 60 percent government stake, has a very close business relationship with the Indian subcontinent. Besides its branch in Bombay, it has a representative office in London, which provides backup services for all its operations in the Emirates and India.

Last year the bank turned a profit of DH 40 million. "I think that this year we will show a 40 percent increase," says Mr. al-Suwaidi, adding that the bank had to

make a very small provision for bad debts. "We have not had to create additional provisions," he adds.

Since its formation as a result of the merger of three local banks in 1986, the bank has adopted an aggressive attitude toward expansion.



Sultan N. al-Suwaidi, managing director, Abu Dhabi Commercial Bank.

sion and development of new products for its customers. It has 24 branches, and is increasing its ATM network from 25 to 27. ADCB is also the sole issuer of MasterCard in the United Arab Emirates.

Last February the bank introduced its Islamic Fund No. 1, a currency trading fund based on its foreign exchange operations. Requiring a minimum investment of \$5,000, the fund now stands at about \$5 million, showing an 8 percent growth. "We are limiting the size of the fund, because we cannot use the interest on the deposits of our customers," explains Mr. al-Suwaidi.

This month ADCB launched another foreign currency fund, Unit Fund No. 3, which will include units earning deposit interest and gains from currency dealings. It is the only one in the UAE, and will use locally based funds with a minimum of \$5,000 units. The new fund has been launched with \$2 million, and is ex-

pected to rise to around \$5 million. Profits will be reinvested and added to the value of the original units.

An earlier unit fund launched in 1987 and based on foreign currencies has performed better than most equities, fixed-interest stocks or bonds, especially taking into account the effects of the crash of 1987. ADCB has now succeeded in laying the foundations for a sound investment policy, an area of activity which Mr. al-Suwaidi says will continue to be developed in the future.

One of the most rapidly expanding banking operations in the UAE is that of Bank of Credit and Commerce (Emirates). Started only five years ago following the conversion of the Bank of Credit and Commerce International (Overseas) into a local bank, it now has 16 branches. While it is often confused with the better-known BCC International, the management of BCC (Emirates) in Abu Dhabi points out the difference. BCC (Emirates) is a local commercial bank whose shareholders consist of the Abu Dhabi Investment Authority (10 percent), the Dubai government (10 percent), local national shareholders (40 percent) and BCCI (Holdings) Luxembourg (40 percent).

"We operate here in Abu Dhabi purely on our own account," says a manager, but BCC (Emirates) is also able to take advantage of the massive international network of BCCI, "which in a sense makes us an international bank as well."

Most of its business is in trade-related and straightforward commercial banking operations. It also operates an important foreign-exchange dealing room, open on a 24-hour basis. Its customers include the Abu



Bashir Tahir, general manager, Bank of Credit and Commerce.

Dhabi National Oil Company, the Abu Dhabi Investment Authority and the Ministry of Finance.

BCC (Emirates) was one of the first banks to install automatic teller machines, and has computerized on-line services in all its branches. Profits last year were DH 71 million, a slight decrease from 1986. But half-yearly profits this year have already shown a 30 percent increase, reflecting the changing economic climate in the Gulf.

Although the 40 banks in the United Arab Emirates are showing improved results — only five showed a net loss last year — there are still too many, in spite of efforts by the Central Bank to cut down the number.

Says Abdul Malik al-Hamer, governor of the Central Bank: "We remain overbanked, when you compare the number of banks to the size of our small population [approximately 1.6 million]. The ratio is larger than in other parts of the world and other parts of the Gulf. Kuwait, for instance, like us has a relatively small population, yet its banking sector is only one-sixth the size of ours. Despite efforts made by us since 1978 the UAE is overbanked, and that is fact."

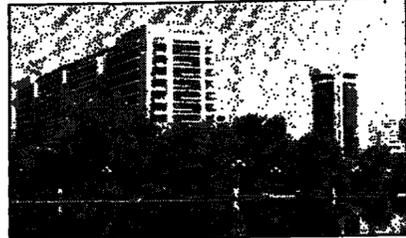
What is making a difference in the UAE banking system is the rapid development of technology. "Such developments," comments Mr. al-Hamer, "help the efficiency of the banking services." L.V.



Potential market focus for Abu Dhabi.

Luxury along the Corniche

Abu Dhabi is not only the federal capital of the United Arab Emirates, but its Wall Street as well. It is one of the finest cities anywhere in the Gulf, with a beautiful corniche lined with palms, shrubs and fountains. Its skyline boasts many high-rise blocks, some named for the color of their glass — the Golden Tower, the Blue Tower. Numerous bank buildings line the streets, each seemingly grander than its neighbor.



City center: lakes, trees and greenery form a quiet oasis.

Once again cranes are beginning to swing throughout the city as even more new buildings are being built along the corniche and on the main streets. After a period of construction stagnation, the real-estate market is on the move. The 23-story Baniyas Tower and the Al Falah Tower are among recently completed residential blocks. Rising 90 meters (300 feet) above busy Hamdan Street is the blue-glassed Al Masaood Tower. Work is well underway on the 25-story Etisalat (communications) Tower which, measuring 150 meters to the top of its lightning rod, will be one of the highest structures in the emirates. New drains and services are also being installed as part of a \$92 million improvement scheme.

What distinguishes this city from others in the area is its greenery, especially along the main thoroughfares and the airport road, which in places provides a continuous canopy of cooling green. There is said to be so much plant life in Abu

Dhabi that it has developed its own mini-climate — a few degrees cooler than the surrounding desert scrub. Nevertheless, the desert remains the main attraction for visitors who take the overnight or one-day safaris to Liwa. This is an oasis 285 kilometers (177 miles) from the city where some of the original Bedouin tribes who later founded Abu Dhabi lived. Here can be found more than 40 varieties of date palms, farms and one of the few remaining camel markets in the United Arab Emirates. En route, the Toyota Land Cruisers plunge hundreds of meters down golden-red sand dunes to the delight of the mainly Swiss, Belgian and Austrian visitors. The tourist department of the Abu Dhabi National Hotels Company organizes these desert excursions as well as a variety of trips to other parts of the emirates, including shopping excursions to Dubai.

Most visitors are surprised by the high standards and excellence of the hotels in Abu Dhabi.

Abu Dhabi has more than half a dozen top-class hotels, offering some of the finest service and facilities to be found in the region. The Sheraton is noted for its seafood night, when up to 400 diners cram the mezzanine coffee shop. People drive from as far away as Dubai, 175 kilometers away, to pay about \$30 a head for a fabulous seafood dinner.

Says Ahmed H. al-Khalifa, acting general manager of the hotel, which has been honored four times as top hotel in the Gulf: "Our seafood night is incredible. It has become so popular that we have to put extra tables in the halls and even serve diners who have to sit in some of our other restaurants."

Another popular eating place is the Kei, the Japanese restaurant in the Hilton, where the fixed-price menus offer some of the best values in town. And ever-popular is French night at Le Mezzanine, with traditional cassoulet and fine French cheeses flown in specially

Continued on page 17

Non-Oil Sector Development

Continued from page 13
about procedures at the airport," comments Mr. al-Nowais. "In the past there have been problems with security, but today with our computerized systems we have really become quite sophisticated, which means we can be more flexible."

"The Immigration Department is being very cooperative," says Sayed Abdullah al-Mousaweh, general manager of ADNHC, which has recently created an official Tourist Department as a step toward formalizing business when it comes to tourism.

ADNHC has, in fact, been trailblazing in Europe for some time. It has participated regularly in events like the International Travel Market in Berlin and in industrial promotions, sometimes in conjunction with the Abu Dhabi Chamber of Commerce and Industry.

Mr. al-Mousaweh admits that at first he was not excited about the idea of promoting tourism. "But I decided to go around the hotels myself, look at the facilities and try to find out what visitors wanted. Most of them told me they came for the sun, the sand, the sea — and the shopping. And of course we could offer all this, and we have a very nice green city too, so I was convinced."

His colleague Abdullah Ali al-Saadi, deputy general manager of ADNHC, echoes his optimism in promoting tourism. It has been a slow, cautious approach since Sheikh Zayed bin Sultan Al Nahyan, president of the United Arab Emirates and ruler of Abu Dhabi, gave the go-ahead in 1985. "Now we are walking along the right track. As every year passes we are learning something and becoming more successful," says Mr. al-Saadi, "and I believe we can, and will, have a successful industry." He recently returned from a three-week promotional tour around Europe, which included an Abu Dhabi Festival Week in Frankfurt.

The most significant factor in Abu Dhabi's growing tourism industry is the Gulf cease-fire. "There was an almost instant response from tour operators. Their allotments rose rapidly and now malizing administration. It is the first such move anywhere in the UAE, and shows that Abu Dhabi now exceed 12,000 for the current 1988-89 season. Even if only 50 percent of these are taken up, we will have to think seriously about building another hotel," Mr. al-Saadi adds.

Building and construction is the dynamo of the Abu Dhabi economy as the government encourages further diversification from oil- and gas-related industries.

Mr. Saleh Rashed Al Dhaberi, director general of the Abu Dhabi Chamber of Commerce and Industry, says the chamber has been active in trying to attract more foreign investment to the services sector, particularly maintenance and manufacturing projects. The government has agreed to pump about \$2 billion into major infrastructure projects. Half of this will go to increasing water supplies and the rest to more electric power plants and oil-related projects. Most businessmen seem to believe that this capital injection will grease the wheels of commerce more than any other result of the Gulf cease-fire.

One of the leading banks, BCC (Emirates), sees a gradual upswing in business activity over the next two or three years. "We don't think there is going to be a 100 percent immediate change," says a manager. "Although the government is making big efforts to increase economic diversification, the economy here really only moves on public spending," adds another BCC executive.

His Excellency Sheikh Mohammed Habroush, managing director of the Abu Dhabi Investment Authority (ADIA), agrees that the material effects of the cease-fire will not be seen immediately. "But people feel more at ease and they are thinking carefully," he says, reflecting the prevailing view of Abu Dhabi's business community.

ADIA, which is the government's public investment institution, is faced with the challenge of increasing the yield on its overseas investment income. Says Sheikh Habroush: "I think that within the next 10 years our investment income will be sufficient to be able to meet our budgets."

Any additional direct income from tourism will be icing on the cake. Lee Voysey

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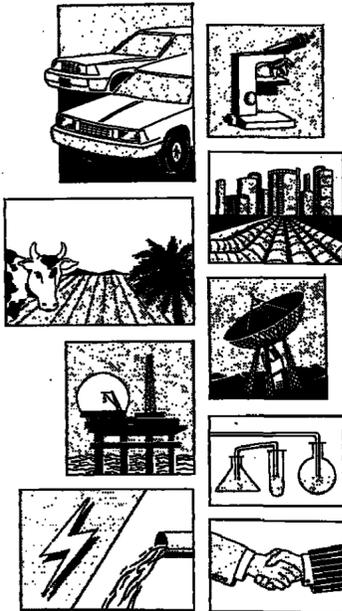


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مركزنا من الامارات

New Programs for Investors

Abu Dhabi's overseas investments are conservatively estimated at more than \$55 billion. Most of this has been placed by the Abu Dhabi Investment Authority, known for its cautious, conservative approach. Although Abu Dhabi's extensive oil and gas reserves are second only to Saudi Arabia's, they are regarded as a very finite resource.

"Our main economy is oil, and we have had to live with this whether we like it or not," says his Excellency Mohammed Habroush, managing director of ADIA. "We are now concentrating our investments on the more traditional markets. We are trying to invest for future generations — oil will not always be there, and we have to have an alternative."

Sheikh Habroush chooses his words with care when outlining ADIA's investment policy, words of wisdom which might be applied to any long-term investment. Excessive profit-making never enters into the picture.

"As far as our investments are concerned, we always look for a good return — it is the yield which matters to us. We invest in the world's free markets: Europe, the United States and Japan. We try to avoid all areas of suspicion — we do not want to end up having a controlling interest in companies in which we invest. We try to avoid areas of national interest, and we try to keep away from all investments which might arouse any national feeling against us. We are always looking to the long term — we do not speculate."

At the other end of the spectrum, i.e. in the private sector (but complementary to ADIA), is one of the

Arab world's newest investment institutions, the National Investment and Securities Corporation (NISCORP). Established in Abu Dhabi, it is believed to be the only all-Arab investment house in the United Arab Emirates, and probably in the Gulf.

Explaining the role of NISCORP, its president and chief executive, Abduljabbar al-Sayegh, says: "We are looking for the neglected investor, the person who has perhaps \$5,000 lying idle. We do not expect to see any of the traditional high net-worth individuals coming to us. After all, why should they? We have to prove ourselves first."

NISCORP's strategy is to offer a "one-stop brokerage and investment service." Mr. al-Sayegh identifies the "neglected investor" as the person who is often turned away by banks because the size of the potential investment is too small and proportionally too costly to manage.

The idea for NISCORP came to Mr. al-Sayegh after he had been working for both the Abu Dhabi Investment Company and the Abu Dhabi Commercial Bank, where he was deputy managing director.

"While I was with ADIC, we used to receive a lot of inquiries from private individuals which we had to turn away because we were only really interested in public sector and corporate investors. When I moved to the bank the same thing seemed to be happening there. I decided we should do something about what I thought was a large neglected area of business."

Now NISCORP is collecting small investments from what it regards as a "niche" clientele, and looking at new products. It has

recently started a foreign currency fund, NISTAL, which will be jointly managed with Staines & Allen Investment Management S.A. of Geneva. NISCORP is trying to persuade the small investors to switch their funds from time deposits, where inflation automatically erodes the small yields.

Mr. al-Sayegh has been closely involved with real-estate development and investment and is a firm believer in putting money into bricks and mortar. While he was working with the Abu Dhabi Investment Authority, he specialized in international real-estate management.

He is now looking into starting a real-estate fund with a very conservative growth, to attract minimum investment of \$10,000. "We are not looking for a get-rich-quick 25-30 percent," he says. Mr. al-Sayegh believes that the Abu Dhabi investor feels more comfortable with real estate than with less tangible investments.

"He wants to be able to tell his friends when he sees a new building going up, 'I have a brick in that,'" he explains. "I am convinced that international real estate is a very conservative investment — it is not so volatile and can't suddenly drop like the foreign-exchange currency markets."

Most new buildings, according to Mr. Sayegh, are now being financed by the private investors and not by the banks. "It is this liquidity which we want to channel into our funds. There can be a 14 percent return these days on any new building."

Another area under study is a Far Eastern fund, which would consist of a portfolio of new high-tech companies. Also on NISCORP's



Abduljabbar al-Sayegh, president of NISCORP.

management team is Yasunasa Morita, executive vice president for the Far East, who has spent many years in Abu Dhabi as portfolio manager with ADIA. He has specialized in the Japanese equities market for most of his career. Last September NISCORP took a 5 percent interest in Daisei Securities, which was listed last year as the 49th biggest trader on the Tokyo Stock Exchange.

NISCORP has an authorized capital of DH200 million (\$54.6 million), with DH40 million paid up. It expects to increase the paid-up capital to DH100 million by next March. Total funds invested to date are estimated at \$50 million.

"We are looking for opportunities which will give us a yield close to an average return on any portfolio, or which will outperform the stock exchange indices," says Mr. al-Sayegh. "We, like NISCORP, are also looking at opportunities which will benefit us, like the Daisei stake, because we have a lot of Japanese business. We also want to become an 'active' investor."

As for the Far East, he adds that this is where growth over the next 10 to 15 years is going to be taking place.

"Anyone moving into that market now will be smiling later," concludes Mr. al-Sayegh.

L.V.

Major Exhibition Site Planned

THERE is an optimistic mood in the Abu Dhabi Chamber of Commerce and Industry which, not so long ago, moved into a new tower block on Abu Dhabi's beautiful corniche.

"You can't change the past, but you can ruin a perfectly good present by worrying about the future," states a small plaque on the desk of Saleh Rashed al-Dhaheiri, director general of the Chamber.

"I am glad to say that things are getting a lot clearer here now as far as the future is concerned. The government is hoping to embark on a 25-year master plan for the development of Abu Dhabi," says Mr. al-Dhaheiri. "The cease-fire in the Gulf is an important factor and is giving us a



Saleh Rashed al-Dhaheiri, director general, Chamber of Commerce and Industry.

chance to reappraise activities within the region. Firms which used to have active trade links here toned down their operations, but are now thinking of restarting again. There is a much better atmosphere, rather like it used to be eight or nine years ago, and we are hopeful for the future."

Saeed bin Ahmed al-Otaibi, president of the Chamber, confirms the change in attitude in the annual report just released. He states that the previous 12 months was a period "marked by hard toil and a sure determination to diversify income resources and to lay down a domestic economy on more stable founda-

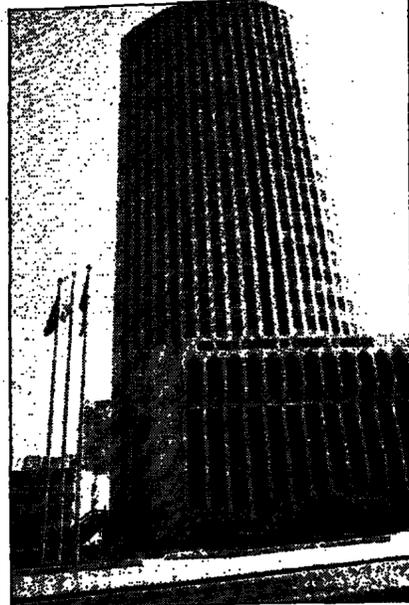
tions which would provide a better future."

"The year 1987 was a period of rejuvenation in most economic sectors following a period of economic recession during the past few years. Economic indices have recorded growth in both petroleum and non-petroleum sectors, and efforts aiming at creating an appropriate atmosphere for domestic and foreign investment, particularly those in productivity, continued," he added.

According to the Chamber's report, exports in the United Arab Emirates rose by 22.7 percent in 1987 compared to the previous year. Non-petroleum exports rose from DH 6.1 billion (\$1.69 billion) to DH 9.2 billion and petroleum exports from DH 31.7 billion to DH 37.2 billion. Abu Dhabi's share, which formed the major portion of oil exports, increased by 12 percent, but its non-oil-related exports showed a substantial increase of 35.7 percent, indicating a recovery in exports and reexports.

Mr. Dhaheiri hopes that there will be increasing participation by foreign companies wanting to invest in Abu Dhabi's non-oil-related developments. "We are looking for partners to come mainly into the services sector — tourism, agriculture and food processing, general services, and maintenance," he says. "We believe there is a great future in these sectors, not only for Abu Dhabi, but for the Gulf Cooperation Council countries as a whole."

Mr. Dhaheiri believes that there has to be more cooperation over future development between the GCC countries. He advises foreign partners: "When you come to Abu Dhabi, you should not only be thinking of the market here in the UAE but throughout the GCC." Even before the cease-fire between Iran and Iraq came into operation,



The new Chamber of Commerce and Industry building that dominates part of the Corniche.

business had been picking up in Abu Dhabi. "We know this because the number of business licenses which we have issued so far this year is about 30 percent more than in 1987," he says.

The chamber has 31,400 members. Its two offices in Abu Dhabi and Al Ain recorded 1,239 new trading licenses and 2,463 new professional licenses in 1987, noticeable increases over the previous year.

The Chamber is extremely active in arranging both inward and outward trade missions. Inward missions, including 15 from Europe, totaled 38 in 1987 and are running at about the same level this year. The Chamber is also active in sponsoring seminars and conferences, and provides a wide range of backup research services for potential investors. Its research department is one of the most resourceful in the Gulf, providing economic and marketing information on almost any sector.

The Chamber is planning to put Abu Dhabi on the world business map by staging a major international exhibition in the city next year. It will be the first truly international fair in the GCC. Already there have



Juma Ahmed al-Salami, deputy director general, Chamber of Commerce and Industry.

from the Far East and Southeast Asia, Europe, Africa and the Middle East.

Designs have been submitted for a new international trade and exhibition center to be built on an existing site on the city boundary. It will cover an area approximately 1 kilometer by 0.5 kilometers. As well as including permanent halls and exhibition pavilions, it will be surrounded by a recreational park with all kinds of leisure facilities.

L.V.

New Council Streamlining

Continued from page 13 marketing, ADNOC underwent radical changes in its executive and management structure this summer. Its management board was dissolved and replaced by a new 11-member Petroleum Council chaired by Sheikh Khalifa bin Zayed al-Nahyan, crown prince of Abu Dhabi. Sohail F. al-Mazrui

had his appointment as acting general manager of ADNOC confirmed, and became secretary-general of the new council. The role of the council, which is completely autonomous and has absolute authority in the emirate, is to plan and execute all matters relating to the petroleum industry.

ADNOC has been going through an active period of

arabization of key managerial and technical posts during the last few years. About half its employees are now emirate nationals. Training is a key part of the program.

ADNOC's personnel director, Abdulla al-Badi, wants to see a broad spectrum of state-of-the-art training for managers and staff. He would like to see Abu

Dhabi become a focal point in the United Arab Emirates and the Gulf for training oil industry personnel.

Last year 626 employees — 422 from ADNOC and the rest from associated companies — attended courses. Nearly 100 went abroad for further training. Today more than 500 technical, business and commercial graduates have completed their training and are working through ADNOC and its many associated companies. "Their impact and contributions are being increasingly felt year after year," says Mr. al-Badi.

ADNOC heads a group of 24 associated companies involved in all aspects of the hydrocarbon industry, from oil and gas companies to refineries and shipping and fertilizer plants.

Oil on a commercial scale was first discovered and exported from Das Island 26 years ago, but ADNOC was not officially formed until nine years later, when Abu Dhabi became part of the newly independent United Arab Emirates. Up to then it had been one of the British Trucial Oman States.

ADNOC has been the driving force behind Abu Dhabi's oil development — and economy — since its creation. It maintains a close relationship with its foreign partners and shareholders, which include British Petroleum, CFP-Total, Exxon, Shell, Mobil, Parlex and the Japan Oil Development Company.

L.V.



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ADVERTISING SECTION

ADVERTISING SECTION

Expanding into New Marketing Niches

THE last two or three years have meant some tough brightening and the development of a new generation of well-educated Abu Dhabi technocrats. Skills learned at American and British business schools and colleges have been put to the test — and in most cases are paying off.

Typical of this new breed of entrepreneurs is Hussain al-Nowais of Emirates Holdings, one of the most diversified groups in Abu Dhabi. Emirates Holdings, which is primarily an agency partner for foreign companies wanting to establish a joint venture on a 51/49 percent basis, has a wide spectrum of interests. These include Maersk Drilling and Geophysical Services Inc., Allied Medical, Electrolux and Motherwell Beidge.

Its diversity has proved its strength during the recent changing economic period. Mr. al-Nowais, 33, began expanding Emirates Holdings in the late 1970s at a time when the major capital projects were coming to an end. Consequently he put his efforts into the service sector.

"A lot of consolidation has now been taking place here in Abu Dhabi. Many foreign companies have pulled out of their operations and, to some extent, have left a vacuum," comments Mr. al-Nowais. With able, flexible management, he has been able to switch his interests as he identifies new market areas. He has reduced his company's activities from 18 to 13 through mergers and closures, and has slimmed his work force down to just under 2,000 from a peak of 3,000.

"We are trying to reposition ourselves. We want to deal more directly with the consumer instead of being in project-related businesses.

with products which can have too many ups and downs. We want to get into areas where we feel we shall always be needed, such as pharmaceutical and medical supplies, particularly disposable goods," explains Mr. al-Nowais, who expects a 20



Hussain al-Nowais, chairman, Emirates Holdings.

percent higher profit this year than in 1987.

As for Omar Z. al-Askari, president of United Technical Services, he sees a greater freedom of movement for investment capital than ever before as he plots a course for the future diversification of his company.

"The private investor has to work on a deal-by-deal basis. The rule of the game is to be cautious, to be more diligent than in the past — and to do your homework," he says.

Preparing the ground is something that he does well, as he switches interests from the maturing construction industry to oil services and supplies.

"Now we are in the third stage of our development here. We have had to diversify into services and the retail market," says Mr. al-Askari, who majored in business administration at Chicago and then spent four years with Arthur Andersen before returning to Abu Dhabi in the mid-1970s.

Over the last two or three years UTS has taken advantage of the government's policy to encourage diversification in the private sector, away from oil-related industries.

"We used to be big in oil services, supplying drilling mud, chemicals and equipment. Now, for example, we've gone into consumer retailing, something which we never dreamed of in the past."

Oil, power generation and desalination, once the backbone of UTS's activities, have been replaced by an emphasis on services for hospitals, hotels and other large institutions.

"We provide what you might call the 'back-of-the-house services' for these organizations, which is why we have a joint venture with Service Master in the United States. We do everything necessary for the smooth running of the organization — computerization, housekeeping services, materials handling and resource planning, but we do not supply professional staff," explains Mr. al-Askari. "If we are doing our job properly, we should be invisible — the hidden hand behind the scene, if you like."

Another important area for UTS is air-conditioning. "The market here is pretty big. At least 55,000 room units a year need replacing, and they only last about seven years on average. This is something we are looking at closely as there is a shortage of A/C units, especially from Japan, because of the rise in the value of the yen which makes their purchase prohibitive. The three Gulf Cooperation Council factories making very good A/Cs in Saudi Arabia simply cannot meet the demand, and so the old units need more servicing to keep them going."



Omar Z. al-Askari, president of United Technical Services.

UTS has had a long association with Carrier International of the United States, one of the world's leading manufacturers of air-conditioning equipment. UTS has been supplying Carrier units and products throughout Abu Dhabi since 1964, and went into a joint venture with Carrier covering the emirates in 1983. Local manufacturing of air-conditioning units is typical of the kind of operation UTS might consider for the future in conjunction with one of its principals. Like other companies that have survived the downturn in the economy, UTS is now pinpointing investment niches both at home and abroad.

The Bin Hamoodah family is one of the local families with roots in the Al Jirni area of Al Ain. Faraj bin Ali Hamoodah, who began his education in Abu Dhabi, continued his studies in Swansea, Wales. He returned to help his brothers Ghanim and Ahmed run the Bin Hamoodah group after the death of their father in 1969.

The Bin Hamoodah Trading and General Services Company, which today has around 1,500 employees,

has been exploring new areas and consolidating its activities, like many other successful companies in Abu Dhabi today.

About 30 percent of its activities are related to oil power generation. The GASOS division provides all kinds of technical support for the oil industry. A manager says, however, that "there has been a shift into other areas which have more growth potential: agricultural equipment and supplies and irrigation plants."

The group's main strengths are in telecommunications equipment and computers (it is the IBM agent for Abu Dhabi); autos; protective clothing, safety equipment and accessories; and several joint manufacturing ventures (it is one of the biggest producers of plastic bags in the Gulf).

The auto division sells the main General Motors range and operates one of the largest spare-parts services in the UAE, with depots in Dubai, Sharjah and Al Ain. It keeps about 50,000 lines in stock and can usually obtain most other parts from the factory within three days.

Now the company is moving into the medical supplies market. It is also supplying other Gulf Cooperation Council countries.

Bin Hamoodah is optimistic. He anticipates an 18 percent increase in turnover compared to 1987 which, in turn, was better than 1986.

"We feel the government is getting things organized now. Businessmen here are also having to become more professional and the weaker ones have been weeded out. What has been achieved in Abu Dhabi is really remarkable when you compare it with what existed 18 years ago. We would now like to see more participation by foreign companies here," says a spokesman for Bin Hamoodah.

L.V.

Port Zayed Looks For New Business

IN 12 months the change in attitude at Abu Dhabi's Port Zayed has been nothing short of dramatic. Until last year, the Port Zayed authorities seemed content to see the majority of Abu Dhabi's nongovernment cargoes enter the emirate via other gateways.

But since January all this has altered, as the government has recognized the need to get local shippers to consign freight through the port. Documentation has been simplified and handling charges cut. Under the direction of the energetic undersecretary of the Abu Dhabi Seaports Authority, Hafez Mohammed Houfan al-Mansouri, Port Zayed is now undertaking a more commercial approach to winning new business.

New rules governing the role of local shipping agents have been introduced in an effort to bring more carriers

directly to the port, and Port Zayed has embarked on an ambitious upgrading program designed to make its facilities more attractive to the latest generation of container ships. The \$14 million plan includes the conversion of two conventional berths into an additional container terminal, operational by 1990. The berths will be dredged to allow deeper-drafted ships to discharge. In addition, a new 40-ton ship-to-shore gantry crane — the port's third — is being installed at a cost of \$4 million.

Clearly, Abu Dhabi's dual-track policy is attracting more business. Figures for the first six months of 1988 reveal an 82.6 percent increase in box traffic to 22,469 teus (20-foot equivalent boxes) over the same period in 1987. Says Undersecretary Mr. al-Mansouri: "The sharp increase reflects the steady improvement of

handling and other facilities at Port Zayed, in addition to the local and international reputation it has acquired."

In terms of container handling, Port Zayed still has some ground to cover. The port is likely to handle perhaps 50,000 teu this year, while Dubai's Port Rashid is on target for 535,000 teu. Even the tiny emirate of Fujairah is expecting to top 200,000 teu.

Unlike other emirate gateways, Abu Dhabi has until now preferred to run its port without the benefit of outside expertise. All this changed this year when it signed up West Germany's Hamburg Port Consulting to step up its previously lackluster marketing efforts.

Port Zayed's quest for a higher profile in the world's shipping community has taken it to an increasing number of international exhibitions. In the meantime, Planco Consulting of the United Kingdom has a contract to analyze the port's cargo handling and other operations, the latest move in the government's plan to put the port on equal footing with the emirates' five other major gateways.

Gary Gimson

Corniche Luxury

Continued from page 14
from France. There is also an excellent Polynesian restaurant, and a Spanish restaurant is about to be opened.

Le Meridien has a compact beach offering excellent water-sports facilities. The hotel, with its cool white decor and arched lobby, is one of the most attractive in Abu Dhabi. Its special ambience has made it very popular with French-speaking visitors to the Gulf.

One of the newest hotels is the huge 450-room InterContinental at the far end of the corniche near the Central Bank. Three years ago it

underwent a massive facelift when the Gulf Cooperation Council held its annual summit meeting there. With a large marina, a beach and all manner of water-sports facilities, it is more of a resort hotel than business stopover.

The Gulf Hotel, until two years ago the Ramada, has been taken over by the ADNHC. Situated at the eastern end of Abu Dhabi island on the Channel that cuts the island off from the mainland, it has been refurbished as a beach resort hotel. A 15-minute drive from downtown, it will soon be

linked to the city by a new coast road now under construction. It offers a sheltered beach, pool, squash courts, gymnasium and the only riding stables in Abu Dhabi — ideal for an Arabian beach holiday. "This is the market we are hoping to cater to," says Adel Hallaba, executive assistant manager. "We are now a resort hotel, and top of the list for those who just want to relax, enjoy water sports and generally have a good time here. We are getting Swiss, French and even Finns." Four major European operators already list the Gulf Hotel for their package tours. They include Holiday-Maker, Jetours, NET and Time Voyageur.

L.V.



Local Base-Global Reach

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Commerce and Industry

been confirmed applica- from 10 countries for at the fair, which will be held in November 1988. Applicants include com-

Juma Ahmed al-Saleh deputy director general, Chamber of Commerce and Industry.

from the Far East and Southeast Asia, Europe, Africa, the Middle East.

Designs have been submitted for a new national trade and exhibition center to be built at an existing site on the boundary. It will cover an area approximately 12 meter by 0.5 kilometre, well as including pavilions and exhibition pavilions. It will be surrounded by a recreational park with all kinds of leisure facilities.

Dhabi became a focal point in the United Arab Emirates and the Gulf for training industry personnel.

Last year 120 employees — 422 from ADNOC and the rest from associated companies — attended courses. Nearly 100 were abroad for further training. Today more than 400 technical, business and commercial graduates have completed their training and are working through ADNOC and its many associated parties. Their impact on the economy is being increasingly felt year by year, says Mr. al-Balushi.

ADNOC needs a group of well-qualified engineers, technicians and administrative staff. It has a computer center and a large number of technical and engineering facilities.

Over the last two years, ADNOC has been developing a new generation of well-educated Abu Dhabi technocrats. Skills learned at American and British business schools and colleges have been put to the test — and in most cases are paying off.

Typical of this new breed of entrepreneurs is Hussain al-Nowais of Emirates Holdings, one of the most diversified groups in Abu Dhabi. Emirates Holdings, which is primarily an agency partner for foreign companies wanting to establish a joint venture on a 51/49 percent basis, has a wide spectrum of interests. These include Maersk Drilling and Geophysical Services Inc., Allied Medical, Electrolux and Motherwell Beidge.

Its diversity has proved its strength during the recent changing economic period. Mr. al-Nowais, 33, began expanding Emirates Holdings in the late 1970s at a time when the major capital projects were coming to an end. Consequently he put his efforts into the service sector.

"A lot of consolidation has now been taking place here in Abu Dhabi. Many foreign companies have pulled out of their operations and, to some extent, have left a vacuum," comments Mr. al-Nowais. With able, flexible management, he has been able to switch his interests as he identifies new market areas. He has reduced his company's activities from 18 to 13 through mergers and closures, and has slimmed his work force down to just under 2,000 from a peak of 3,000.

"We are trying to reposition ourselves. We want to deal more directly with the consumer instead of being in project-related businesses.

National Hotels Group Is Force in Leisure Industry

A tourist department has just been formally started within the framework of the Abu Dhabi National Hotels Company. The first semi-official body of its kind to be created in the United Arab Emirates, it signals the start

of a major campaign in the tourist sector. The driving force behind this move is the Abu Dhabi National Hotels Company. As well as owning five of the main hotels in Abu Dhabi, two in Al Ain and another at Jebel Dhanna, the company is also building a new hotel at Ghanout, close to the border with the neighboring emirate of Du-



Riding the desert waves: a popular tourist adventure.

bai, and plans another in the mountains at Al Ain. Additional overseas interests include tourist projects in Morocco, Tunisia, Turkey and North Africa. Most recently, ADNHC has established a company in Egypt to develop new leisure projects. Other major activities involve catering for airlines and the airport, the UAE University at Al Ain, schools, hospitals, military establishments and onshore and offshore oil drilling. This activity was provoked by two factors: the decline of oil revenues and the drop in the number of visiting businessmen. Sayed Abdullah al-Mou-

saw, general manager of ADNHC, says: "We have really only been active on the tourist front now for two years. The second year was better than the first and we expect the present third season to be outstanding." The season in Abu Dhabi is from late October until March or the beginning of Ramadan, the period of the Islamic fast which is governed by the phases of the moon. "Mass tourism" on the scale developed by Spain or Turkey is not expected, nor likely to be welcomed, and visitors are numbered in the hundreds rather than the thousands. "Last year we had 1,600 visitors and we expect to at least double this figure," says Abdullah Ali al-Saadi, ADNHC deputy general manager. "They are coming from all over Europe, but mainly from the German-speaking countries, Belgium and France. Since the ceasefire in the Gulf, tour operators have doubled their allotment of rooms to in excess of 12,000 and we are expecting about 50 percent of these to be taken." Seventeen leading tour operators have signed contracts with ADNHC. They include major companies like Imholz, DSR, Kuoni, Holiday Maker Reisen, Time Voyageur and Wind Rose. Mr. al-Saadi is very optimistic about future developments because the kind of discerning visitor which he hopes will come to Abu



Le Meridien Hotel beach; tourists and banks have a place in Abu Dhabi.

Dhabi is seeking something different, a new experience. "And I believe we can offer that here. We are in some senses a very young country and nothing has been spoiled here. We are trying to protect our natural environment and we are able to offer those visitors a look at our culture, our heritage as well as the sun, sand and sea," he says. Visas have proved a problem in the past but new arrangements with the co-operation of the government and the immigration department have facilitated entry to the emirate. Hotels now vouch for their bona fide guests. In order to handle the



Sayed Abdullah al-Mousawe, general manager, ADNHC.

city in the future," says Mr. al-Mousawe. The new department is handling most of the ground arrangements for tourists including airport pick-ups and excursions that attract 60 to 70 percent of visitors. It is also aiming to set a much higher standard of service than has been offered by other agencies in the city. "We can offer the personal touch," says Mr. al-Saadi, who thinks there might well be a need for more hotels. One and a half years ago ADNHC took over the management of the Ramada Hotel and renamed it "The Gulf Hotel," which, Mr. al-Saadi says, "was running in the red but we have now brought it into the black, as

it is proving very popular for those who want a real beach and water sports holiday." Rapidly taking shape is ADNHC's venture at Ghanout not far from Jebel Ali in Dubai. There a small man-made island has been carved out of the desert. It is linked to the open sea by a six-kilometer (3.72-mile) canal. There are to be 80 rooms in the hotel itself with 20 chalets on the beach. Guests will be ferried between the hotel and the beach by boat. A small hotel is also being built in the mountains near Al Ain which, as well as being the academic center



Abdullah Ali al-Saadi, deputy general manager, ADNHC.

of Abu Dhabi, has become the leisure city of the emirate with a zoo, recreational parks, the Hilli Fun City, an ice rink, a camel market (the only one in the UAE) and



Comfortable shade at the Gulf Hotel.

many archeological sites and museums. ADNHC also operates 16 resthouses and moorings throughout the emirate which provide all facilities for tourists on excursions, and a small "transit" hotel at the airport. Catering is one of the most important activities of the company. It supplies more than 25 million meals a year on land, at sea, and in the air, and provides 3.5 million meals a year for the students at the university in Al Ain. It runs all the services at Nadia Airport, including operating the award-winning duty free shops, catering 35 airlines and bringing deluxe meals to oil workers at desert locations. One of the showpiece ca-

tering establishments is the Al Safina dhow, which was the personal craft of Sheikh Zayed bin Sultan al-Nahyan, the Ruler of Abu Dhabi. It has been modified and placed on the corniche breakwater where special local recipes are served to locals and tourists alike. With such a variety of skills and operations in the service sector it is not surprising that ADNHC should be expanding its pioneering interests into the tourist sector, which is rapidly becoming one of the most significant non-oil related industries in Abu Dhabi. It is one which can make use of virtually unlimited natural resources — the sun, the sand and the sea. L.V.

Duty Free Shops Win Global Acclaim

OUR prices win prizes," is the slogan at Abu Dhabi Nadia Airport's duty-free shops. And it's true. In October, the second year in a row, the duty-free shopping complex received an Oscar at the Tax Free World Exhibition in Cannes. Abu Dhabi was also runner-up for the Frontier Marketing Award for the best marketing campaign of the year. Sales this year are expected to exceed DH 102 million (\$34 million), a 35 percent increase over 1987. More than 35 airlines use the airport, which handles 2,800 flights a month. The number of passengers should reach 2.8 million by the end of the year, an increase of 12 percent over 1987. But the most significant factor, points out Kumar Thomas, duty-free assistant manager, is the 16.5 percent increase in the number of transit passengers, who account for half the total number. Abu Dhabi is an important transit stop on the global airline grid. For eastbound traffic it is often the last stop before the final destination, and the duty-free shops provide a final shopping opportunity for transit passengers. "We have had significant increases in sales this last year, especially in perfumes, which have risen by 50 percent because of our increased range of brands, which number about 45 today," says Mr. Thomas. The complex, which includes 17 shops, including two in the departures and arrivals halls, is being expanded, partly because of the changing purchasing habits of travelers. "We find that people are not looking for bargains in liquor anymore. They want something different," comments Mr. Thomas. Ciga-

retes and tobacco are now the most popular purchases. Increased purchasing power by travelers is reflected in the changing stocks. The average passenger purchase at Abu Dhabi is about \$13.20 — 30 percent more than in 1987. Quality watches are now in greater demand. Says Mr. Thomas: "People who had never thought of owning a Rolex watch will buy one here. They are very popular." The most expensive recent sale was a Cartier watch bought by a French traveler for around \$11,000. Travelers en route to the Far East also buy a lot of gold. Sales rose 64 percent in the first half of the year, for a total of 92 kilos (202 pounds). Manufactured jewelry carries an average markup of 5 percent, making it among the best buys in Abu Dhabi. Three new outlets are being added to the complex, which forms a circle around the inside of the airport's main hall. The fashion and leather-wear shop is being remodeled and expanded to include cosmetics. (Some of the best bargains are the \$100 leather coats and jackets, which could cost up to four times as much in a fashionable European boutique.) Looking to the future, the airport plans two new transit lounges to accommodate extra traffic. There will also be a small transit hotel with 10 rooms for use by delayed or weary travelers. Abu Dhabi's duty-free shops have an intimate, friendly atmosphere with a staff of over 100, mainly from the Philippines. They have been specially chosen and trained, and many speak Arabic. Although its prices might win prizes for Abu Dhabi, the smiling and cheerful staff certainly wins customers. And that's what really counts. L.V.



Abu Dhabi Duty Free Shop at the international airport.

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New Jet Service

A major new development at the airport has been the opening of a \$100 million aircraft maintenance center, one of the largest in the Middle East. Gulf Aircraft Maintenance Company (Gamco) is a joint venture between the Abu Dhabi government and Gulf Air. Gulf Air is jointly owned by the United Arab Emirates, Bahrain, Qatar and Oman. The center covers a 55-hectare (135.9 acre) site, and the main hangar can accommodate three Tristars simultaneously. Gamco is already doing on-line maintenance for 14 aircraft operators. It is also carrying out all the "A" checks on Gulf Air's fleet of L1011s and B737s. Soon it hopes to be doing the major "C" checks. Gamco serves a pressing need for regional carriers, who had previously been ferrying their aircraft to Hong Kong and elsewhere for maintenance checks. Gamco will expand its maintenance activities to eventually include all major manufacturers' aircraft: Boeing, Airbus and McDonnell Douglas. L.V.

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SPORTS

On the Track, in the Gym, the Steroid Black Market's Booming

By Peter Alfano With Michael Janofsky

NEW YORK — The spoils of a little known drug war lay on a table in the office of Phillip Halpern, a U.S. attorney in San Diego. There were bottles, vials and a syringe, all filled with anabolic steroids, confiscated by federal authorities during arrests in steroid-trafficking cases.

The drugs are coming into the United States from Europe, South America and Mexico. In addition, officials estimate that anywhere from 5 to 20 clandestine laboratories in the United States are in operation. They and steroids traffickers say that perhaps 95 percent of the black-market steroids are counterfeit — those manufactured in unlicensed laboratories — and this greatly increases the potential risks for users.

Second in series

wards," said David Jenkins, a former British Olympic sprinter who was indicted by Halpern in May 1986 and now is awaiting sentencing. "They come from a gym environment, where a muscle mentality pervades and creates a demand for bigger bench-presses, bigger squats. They would rather not take a long-term approach. They want steroid McDonald's."

was investigating it. I think we've made it clear that trafficking is illegal. Five years ago, no one knew that." Five years ago, the U.S. government was unaware of the extent of steroid use in the country. Penalties for trafficking were not clearly defined and the penalties that existed were relatively minor compared to those for dealing cocaine and heroin. Thus, steroid dealers were willing to take chances.

"A lot of European steroids were just being mailed in," said Dan Duchaine, who wrote "The Underground Steroid Handbook." He was indicted by Halpern with Jenkins and 32 others in May 1986 as part of a steroid-trafficking ring that operated in Southern California and distributed the drugs in California and six other states.

In addition, said Duchaine, who is awaiting sentencing on one count of conspiracy to defraud the federal government and one count of interstate sale of the anabolic steroid Dianabol, some European athletes who came to train in Southern California financed their trips by bringing along steroids to sell. He said the only time mailing became more dangerous was during the Christmas season, when customs agents were more diligent.

The black-market user "is male, between 18 and 30, insecure, seeking acclaim and rewards. They come from a gym environment, where a muscle mentality pervades and creates a demand for bigger bench-presses, bigger squats. But they would rather not take a long-term approach. They want steroid McDonald's."

—David Jenkins, former British Olympic sprinter, convicted steroid trafficker.



legally diverted from these companies. But with demand increasing and supply dwindling, unlicensed labs began to flourish, trying to duplicate steroids like Dianabol, the drug of choice among athletes and body builders. Counterfeit steroids, however, are frequently adulterated and mislabeled; a bottle may contain a steroid other than that listed, or the potency may be below the stated amount. Halpern said he also knows of two instances when steroid syringes were contaminated, resulting in the transmission of AIDS.

It cost about \$1.45 to make a bottle containing 100 tablets of Dianabol. The trafficking ring initially sold them for approximately \$5 a bottle. The laboratory in Tijuana, Laboratorio Milanos, was run by Juan Javier Macias. He was named in the indictment with Jenkins and Duchaine, but can be arrested by U.S. authorities only if he enters the country. He also ran advertisements in major newspapers in southern California, encouraging Americans to cross the border to purchase steroids. It is illegal to bring the drugs into the United States, but Macias left that problem to the ingenuity of the consumer. The shipments smuggled into the United States by the ring were hidden in automobiles or carried across by couriers, who used routes favored by illegal aliens.

New Coach, New Hope For Lions

By Thomas George New York Times Service NEW YORK — Less than a week on the job as interim coach of the Detroit Lions of the National Football League, Wayne Fontes managed to win over players and create an atmosphere of hope that Detroit is back on the winning side.

HELLO, UPSET — Gunnar Eggen gave a wave as Sagarane Hanover of Norway State Park in Cherry Hill, New Jersey. Oursi, the French champion, was second with Mack Lobell of the United States, the world record holder, third on the rail.



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Free Agents Bids Soar in Baseball

NEW YORK — Baseball's free-agent market, mostly quiet for three years, opened up dramatically Thursday with clubs publicly and privately offering multimillion-dollar contracts to several players.

Bruce Hurst, Steve Sax, Mike Moore and Nolan Ryan were among those offered considerably more than they earned last season. Tommy Harv, however, turned down a \$1.8 million, two-year contract from the World Series champion Los Angeles Dodgers to sign a \$1.65 million, two-year deal with the Philadelphia Phillies, who had obtained him in a trade from the Minnesota Twins after the season.

Health Officials Consider Delay in USC-UCLA Game

LOS ANGELES — Fears that Saturday's USC-UCLA football game at the Rose Bowl could add to a measles outbreak that already has sickened USC's star quarterback, Rodney Peete, and at least 40 other students led some public health officials to consider Thursday urging that the game be postponed.

But public health experts agreed that many at the game may be young people in their teens through about age 30, as many as 10 percent to 20 percent of whom are unprotected against the disease because they were never vaccinated. Peete, who was released Thursday from a hospital and watched his team practice for the pivotal game against UCLA, said, "I'm feeling much better, even better than yesterday."

NFL PREVIEW

Phil Rodgers could not in four seasons. People close to the team, including Russ Thomas, the general manager, said the mood had changed noticeably. But Sunday against the Green Bay Packers in Milwaukee, Rodgers must do what Al Davis offers as sound advice: "Just win, baby."

NATIONAL CONFERENCE

Philadelphia (6-5) at New York Giants (7-4): The four-team race in the National Conference East will become a confusing scrap if the Eagles win. It is possible that, after Monday night, these teams, plus Washington and Phoenix will be tied for first with 7-5 records with four games left. The Giants need a heroic defensive effort against Randall Cunningham, but their defense ranks 23d in the NFL, 25th against the pass. Giants by 3.

AMERICAN CONFERENCE

New York Jets (5-5-1) at Buffalo (10-1): The Bills can clinch their first American Conference East title since 1980, while the Jets are near sinking, hoping a quarterback change — Pat Ryan for Ken O'Brien — bolsters the offense. The Jets have won five straight in Rich Stadium but these Bills have lost only to the Bears and have a defense ranked No. 1 in the AFC overall and No. 1 against the run. Bills by 7.

SCOREBOARD

Table with columns for Hockey, NHL Standings, and Basketball. Includes game results and team records.

SIDELINES

Bird to Have Surgery, Miss 3 Months BROOKLINE, Massachusetts (AP) — Larry Bird is to have surgery to remove bone spurs on both heels and is expected to be unable to play again for the struggling Boston Celtics for at least three months.

Transition

BASEBALL American League Philadelphia (6-5) at St. Louis (7-4): The Cardinals are looking for a new pitcher to replace Steve Carlton. Philadelphia (6-5) at St. Louis (7-4): The Cardinals are looking for a new pitcher to replace Steve Carlton.

Swiss-Turk Soccer Replay Ordered

ZURICH, Switzerland (AP) — The UEFA disciplinary committee ordered Friday that the European Champions second-round, second-leg soccer match between Galatasaray of Turkey and Neuchâtel Xamax of Switzerland be replayed at a neutral site. No date was set.

For the Record

John Mahaffey and Bob Gilder each shot eight-under-par 64 Thursday for the second-round lead in the Izuzu Kapalua International golf tournament, four strokes ahead of first-round leader Bill Glasson. (UPI)

Quotable

Spud Webb of the NBA Atlanta Hawks, asked when to expect his ghost-written autobiography, due out this season: "I don't know. It might be out already. I haven't read it yet." (LAT)

It's Often Said That Cricket's Confusing

HOBART, Australia — A Pakistani cricketer finally turned up Friday in Tasmania, just one month late for his first match because his travel agent had sent him to Tanzania instead.

THINK NEVER HEAR ON TOMATO EGGS FORE

Advertisement for a product, possibly a food item, with a large image and text.

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